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ESTABLISHED 1887

Algeria	1.40	Den.	115	Spain	0.90	Italy	110
Argentina	27.5	France	485	Sweden	110	Japan	110
Australia	0.70	Germany	170	Switzerland	0.50	U.S.	0.50
Belgium	49	Greece	60	U.K.	70	West Germany	70
Canada	1.50	India	200	Yugoslavia	1.00		
Chile	1.50	Iran	200				
Cuba	2.00	Israel	200				
Denmark	9.00	Italy	110				
France	485	Japan	110				
Germany	170	South Africa	70				
Greece	60	Spain	90				
India	200	Sweden	110				
Iran	200	Switzerland	0.50				
Israel	200	U.K.	70				
Italy	110	U.S.	0.50				
Japan	110	West Germany	70				
South Africa	70	Yugoslavia	1.00				
Spain	90						
Sweden	110						
Switzerland	0.50						
U.K.	70						
U.S.	0.50						
West Germany	70						
Yugoslavia	1.00						

LATE NEWS

Argentine Court Rules on Junta

BUENOS AIRES (UPI) — Argentina's Supreme Court unanimously upheld Tuesday the convictions of five former military leaders accused of complicity in the murder and torture of an estimated 9,000 political prisoners in the 1970s. By a 4-0 vote, the high court upheld life prison sentences for a former president, Jorge Videla, and a former navy commander, Emilio Massera, and the eight-year prison sentence for a former navy commander, Armando Lambruschini. But the court, on a 3-2 vote, reduced by six months the 17-year prison sentence of former president Roberto Viola, and cut six months off the four-and-a-half-year term of a former air force commander, Orlando Agosti. It cited legal technicalities for the action.

Also upheld unanimously were the acquittals of four other junta members found innocent a year ago by a federal appeals court.

INSIDE TODAY

GENERAL NEWS

French rail strike negotiations opened after two weeks of travel chaos. Page 2.
Exxon Corp. joined the exodus of American companies from South Africa. Page 3.

BUSINESS/FINANCE

Rising commodities prices sent the U.S. index of leading indicators up 1.2 percent in November. Page 13.
McDonnell Douglas has begun its long-stalled program to build the MD-11 wide-body jetliner. Page 13.



Cartoonists view some of the year's events. Page 6.



FLOODING IN BRAZIL — A dejected resident of Rio de Janeiro sat on his car Tuesday as torrential rains continued falling on southeastern Brazil, turning his street into a river. At least 28 persons have been killed and 10,000 left homeless by the storms, officials said. The unusually heavy rains have been falling for a month, with more predicted.

Meese Asserts North Cited Israelis In Diversion of Funds From Iran

By Stephen Engelberg

New York Times Service

WASHINGTON — Attorney General Edwin Meese 3d has told Congress that Lieutenant Colonel Oliver L. North told him that the idea of diverting proceeds from the Iran arms sale to Nicaraguan rebels came from a senior Israeli official, according to congressional sources. The congressional account of Mr. Meese's testimony was confirmed Monday by a Justice Department official. The official said the department had been unable to corroborate Colonel North's reported assertion.

The Israeli government has repeatedly and emphatically denied any connection to the diversion of money to the Nicaraguan rebels or knowledge that such an operation had taken place.

According to the congressional

sources, Mr. Meese said in a closed committee hearing that Colonel North had described the purported Israeli role when he was questioned by Mr. Meese on Nov. 23.

Colonel North, a Marine, was dismissed from the National Security Council staff last month after Mr. Meese said that Colonel North had specific knowledge of the plan to divert funds to the Nicaraguan rebels, known as contra. Colonel North's superior, Vice Admiral John M. Poindexter, was allowed to resign.

The colonel's reported statements to Mr. Meese would suggest a larger Israeli role than has been previously acknowledged. The assertions attributed to Colonel North could not be independently verified.

According to two congressional sources, Mr. Meese said in his se-

cret testimony that Colonel North had met with an Israeli official about a year ago to discuss the problem of how to funnel aid to the Nicaraguan rebels.

The sources disagreed over whether Mr. Meese had said the official was David Kimche, director general of the Israeli Foreign Ministry. One congressional source and the Justice Department official said that Mr. Meese had identified Mr. Kimche, but another congressional source said he recalled only that an unnamed Israeli official was involved.

When Mr. Kimche was asked about the testimony in a telephone interview Monday, he said:

"The whole thing is ridiculous. If that is what Oliver North testified to, then he is an unmitigated liar."

In 1983, Congress banned direct

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Pentagon Seeks New SDI Funds

By John H. Cushman Jr.

New York Times Service

WASHINGTON — The Defense Department has asked Congress for money to speed research on a huge new space vehicle that the Pentagon says will be needed to lift heavy objects into orbit for the Strategic Defense Initiative missile defense program.

The program, on which \$110 million would be spent for research in the next several months, was introduced Monday as part of a request for \$2.8 billion beyond what Congress provided for the military in the current fiscal year.

Major new programs are rarely begun through such a supplemental budget request, and some budget analysts said that in the current political and fiscal climate the new funds might be denied.

The project to develop space-oriented defenses against nuclear missiles would account for \$500 million of the additional budget request. The request is designed to restore some funds that were cut by Congress when it passed a \$289.2 billion military spending bill for fiscal year 1987, which began on Oct. 1.

Next week, the Pentagon will present its request for the 1988 budget, which is expected to call for spending \$312 billion on military programs.

Defense Secretary Caspar W. Weinberger said at a news conference that the extra money sought for SDI "is, for the most part, a continuation of the research programs that we have under way, but it does involve about \$250 million for space transportation technology, including a heavy-lift vehicle."

That vehicle would be a very large rocket or a successor to the space shuttle that would be capable of lifting 100,000 to 150,000 pounds (45,450 to 68,200 kilograms) into a low orbit, more than twice the payload that the shuttle or the largest rocket now envisioned could lift. The shuttle can lift about 65,000 pounds.

Mr. Weinberger said the need for such a vehicle "has become more and more apparent in recent months" as the Pentagon studied its needs for space transport for the missile defense program at a time when the shuttle program has been disrupted.

But neither Mr. Weinberger nor other Pentagon officials explained exactly what need had arisen that demanded the quick expenditure of large sums not requested in the military's original budget.

"It isn't to buy the capability now," Mr. Weinberger said of the

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U.S. Sets 200% Tariffs On Some EC Products

Retaliates For Loss of Grain Market

The Associated Press

PALM SPRINGS, California — The Reagan administration, retaliating for the loss of about \$400 million in U.S. farm exports, said Tuesday that it would impose tariffs of 200 percent on a range of European Community products in a move that could sharply escalate a year-old trade war.

The United States will levy the import duties no later than Jan. 30 on \$400 million worth of European gin, brandy, white wine, cheese, canned ham, endives, carrots and olives.

Clayton K. Yeutter, the U.S. trade representative, warned that the tariffs were likely to "terminate the shipments" of those products from the EC to the United States.

"The intent is to stop the trade dead in its tracks," he said. Duties on most of those products currently range from about 15 to 20 percent.

Mr. Yeutter conceded that Mr. Reagan's action could precipitate an escalation in the trade war between the United States and the EC if the Europeans retaliate.

"Certainly it has that probability," he said. If the Europeans take counterretaliatory measures, "we will also have to consider counter-retaliatory action at that point."

The trade action followed lengthy negotiations between the United States and the EC over high tariffs imposed by the EC on U.S. grain feed imports to Spain, which formerly was a lucrative market for American corn and sorghum.

The tariffs were imposed after Spain and Portugal entered the EC on Jan. 1. The United States argues that it should have been compensated by the EC for the loss.

On May 31, Mr. Reagan announced that retaliatory action would be taken against a number of EC exports, including wine and cheese, if an agreement was not reached by July 1.

The deadline was extended for six months by an interim agreement under which U.S. exports to Spain and Portugal were allowed to resume.

In another development, the Reagan administration said it would postpone for six months any reprisals against Brazil for what U.S. officials allege are unfair trade practices in its computer industry.

The tariffs on EC products will have the biggest impact on exports of containers of one gallon or less of gin, on white wine costing less than \$4 a gallon and on brandy costing more than \$13 a gallon.

Mr. Yeutter said that the brandy and wine, which are imported mainly from France, would account for \$250 million of the \$400 million annual total. The value of the gin, imported principally from Britain, would amount to \$70 million.

"Clearly prices will rise" in the United States on those products, Mr. Yeutter said. "It will be significant."

Mr. Yeutter said that the United States probably would hold further negotiations with the EC on compensation for the loss of feed grain sales, but that the two sides were far apart.

U.S. officials conceded that the EC had the right to take that action, but they argued that the United States was entitled to compensation under rules of the General Agreement on Trade and Tariffs, the international trade body.

The United States is demanding full compensation for its loss. Mr. Yeutter estimated the community's latest offer at about 30 cents to the dollar.

He said that the Portuguese trade barriers had been negotiated separately, and that U.S. farmers were no longer losing their markets in that country.

The EC has argued, however, that the net loss to the United States is far less than Mr. Yeutter

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Students in Beijing reading a protest poster.

A Top China Official Takes Moderate Line

By Daniel Southerland

Washington Post Service

BEIJING — A senior Chinese government official adopted a moderate line Tuesday toward student demonstrators, but condemned those who follow Western ways of thinking. He also announced the arrest of an "agitator."

In an apparent attempt to forestall spreading of the unrest, the government said Tuesday that retail prices would remain stable in the new year.

He Dongchang, vice minister of China's state education commission, said that the arrested man, who took part in a demonstration conducted by students from Beijing Teachers University on Monday, had made an anti-government speech.

"This person made some statements that instigated students," Mr. He said.

The official said that the man was unemployed and from outside Beijing. He said that no students have been arrested since demonstrations calling for democracy and freedom began more than three weeks ago.

The demonstrations, which reached about a dozen Chinese cities despite attempts to discourage them, now seem to have slowed because of government pressure and the lack of a clear focus or strong student leadership.

His remarks, made at a crowded press conference, amounted to the first comprehensive public statement on the recent demonstrations by a senior Chinese official.

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Thais Closing Famed Khao I Dang Refugee Camp

Cambodians Face Loss of Asylum

By Barbara Crossette

New York Times Service

BANGKOK — Thailand has announced that it was closing Indochina's most famous refugee camp, a symbol of hope to hundreds of thousands of Cambodians escaping a decade of death and displacement.

The closing of Khao I Dang, to begin Wednesday, means not only that the camp's more than 26,000 Cambodians will be displaced but that they will lose their legal status as refugees. Instead, they will become "displaced persons" who can be returned to Cambodia when conditions there permit.

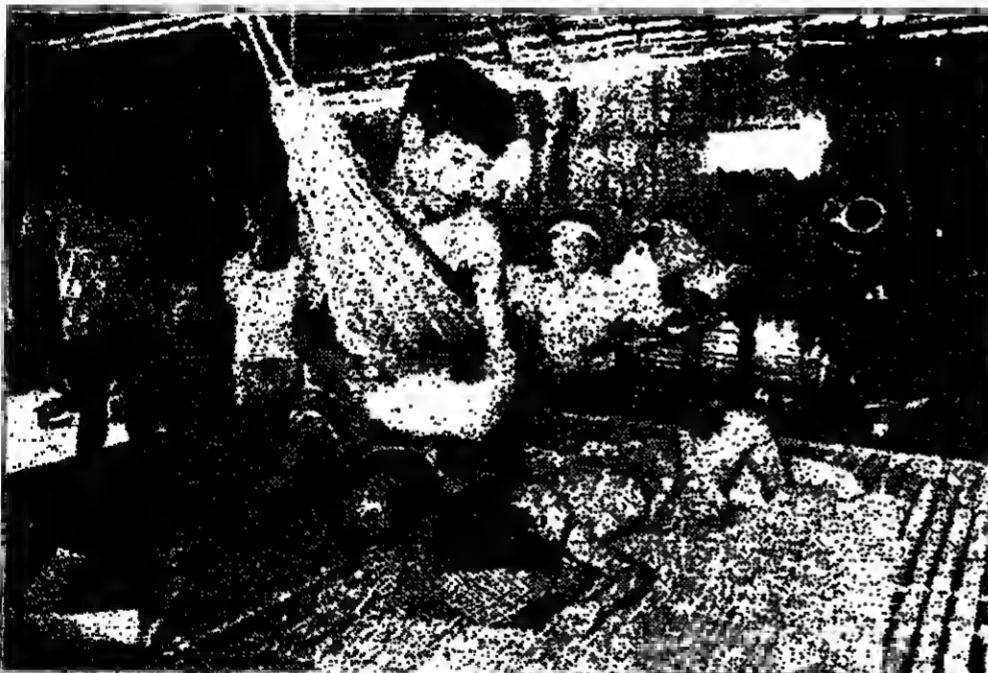
Prasong Soontari, secretary-general of the National Security Council, said Thailand intended to phase out all refugee camps and to limit its role as a nation of first asylum.

Thai officials said that the closing of Khao I Dang — the backdrop for the final scenes in the film "The Killing Fields" — signaled the end of Thai hopes that the refugees left in the camp, a sprawling city of bamboo and thatch that once housed 140,000 people, would find new homes abroad.

"The West could have done more than this," Mr. Prasong said.

"But so many have only promised, and have taken no action," he said, adding that he had postponed the closing of Khao I Dang earlier this year at the request of Western governments only to see no significant increase in the processing of camp residents for emigration.

Most of the refugees remaining in the camp, now looked after by



Khmer refugees in Khao I Dang, which Thailand said it would begin closing Wednesday.

the Bangkok regional office of the UN High Commissioner for Refugees, lack family connections abroad or skills deemed desirable by foreign governments. Others have been suspected of having ties to the Khmer Rouge regime that ruled Cambodia in a reign of terror from April 1975 to January 1979.

After the closing of Khao I Dang, which is about 12 miles (19 kilometers) north of the town of Aranyaprathet, Thai authorities will begin moving the camp's inhabitants to settlements closer to the border with Cambodia.

Camps on the border, unlike Khao I Dang, are run by civilian followers of the three Cambodian resistance groups — the army of Prince Norodom Sihanouk, the Khmer Peoples' National Liberation Front and the Khmer Rouge.

Mr. Prasong said that no one from Khao I Dang will be placed in a Khmer Rouge camp.

Officials have said the refugee camps have contributed to the breakdown of law and order in the poverty-stricken, mountainous scrubland along the border.

Refugees have bribed and some-

times shot their way into the barbed-wire enclosure of Khao I Dang because it was believed that to get into the camp was a sure route to resettlement abroad.

A hospital run by the International Committee of the Red Cross will be allowed to continue operations at Khao I Dang. Thai officials said, "It will treat serious medical cases from the whole border area."

But activities by the UN High Commissioner for Refugees will be limited to casework in the border region, Mr. Prasong said.

Assad Is 'in Trouble' Over Lebanon and Economic Problems

By John Kifner

New York Times Service

DAMASCUS — President Hafez Assad of Syria, who in his 16 years of power has come to be regarded as one of the most cunning and ruthless strategists in the Middle East, is facing a host of problems at home and abroad.

Many things have gone wrong for Hafez al-Assad in the past few months. "There's just a long list of problems. He's in a bad way," a senior Syrian diplomat here said.

Among the problems is the growing ill will on the part of Arab nations, where a Syrian-backed Arab League summit was held last week, and where Mr. Assad's

building the Palestine Liberation Organization bases he lost in the 1982 Israeli invasion.

Also, Mr. Assad faces a growing economic crisis in Syria, international isolation and sanctions over his support of terrorism.

NEWS ANALYSIS
accusations of aiding terrorists and strains in strategic alliances with Iran and the Soviet Union.

But there is no real discernible threat to Mr. Assad's rule, which is buttressed by an all-pervasive security system of half a dozen overlapping and competing intelligence agencies known as mukhabarat.

"After Hama, there's not likely to be any public outpouring of discontent," said a Western diplomat, referring to the city where thousands are believed to have been

killed in 1982 when Syrian Army artillery and tanks bombarded it for days in an attack against the clandestine Muslim Brotherhood.

The mounting difficulties — including charges in several Western capitals of Syrian links to terrorists — have been accompanied by questions of how firmly Mr. Assad, who suffered heart problems three years ago, was in control.

"Here is a man who worked 16 to 18 hours a day for years," a diplomat said. "A large part of his power came from his ability to focus on a given issue, his mastery of the minute details of a problem. Clearly, he cannot work 18 hours a day now, he does not have that kind of stamina."

A matter of constant speculation among diplomats in this tightly guarded, closed society, is how

much Mr. Assad knew about what Western officials have called Syria's links to terrorism. These charges have figured prominently in trials over the attempt to bomb an Israeli airliner in London and the bombing of an Arab-German friendship club in West Berlin.

"Either way, it looks bad for the regime," a diplomat said. "It's all so clumsy. This kind of thing would not have happened four or five years ago."

Many terrorist operations are believed to have been run through air force intelligence, one of the half-dozen security agencies, which is headed by one of Mr. Assad's closest friends and confidants, General Mohammed al-Kholi.

An international arrest warrant has been issued in West Germany for one of General Kholi's aides,

Lieutenant Colonel Haidem Said, on charges of supplying the bombs used on the friendship club.

In Ankara, Turkey, an arrest warrant has been issued for the second secretary of the Syrian Embassy, Mohammed Darwiche Badali, on charges in connection with the killing of a Jordanian diplomat.

Britain broke diplomatic relations over what it said were Syrian links to Nezar Hindawi, convicted in London of trying to put his pregnant fiancée aboard an El Al airliner with a bomb in her bag. The U.S., Canadian and Belgian ambassadors have been called home in protest. The United States and the European Community have announced sanctions.

Although the sanctions are largely symbolic, diplomats said that under the difficult economic cir-

cumstances here any tightening will hurt Syria, which is facing a severe hard currency shortage, and economists estimate that reserves have fallen to as low as \$60 million.

Nearly two-thirds of the budget is taken by military and security expenses and, like other Arab nations, Syria has been hit by the oil recession.

"The economy is a disaster, a cumulative disaster," a Western diplomat said.

Mr. Assad's most immediate problem is in Lebanon, where Mr. Arafat is making a new attempt to prove he is a factor that must be dealt with in the Middle East.

For some time now, Mr. Arafat's supporters in the PLO, plus other factions, have been slipping men

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Western Leaders Pay Tribute to Macmillan

Reuters

LONDON — Leaders from across the political spectrum mourned Tuesday the death of former Prime Minister Harold Macmillan.

Mr. Macmillan, who became the Earl of Stockton two years ago, died Monday in his sleep at his country home in Sussex. He was 92.

Lord Home, who took over as prime minister when Mr. Macmillan retired because of ill health in 1963, said: "He was a master of the House of Commons from the moment he became prime minister. That was a very considerable political achievement."

In his later years, Mr. Macmillan disclosed that President John F. Kennedy had telephoned him as often as three times a day during the Cuban missile crisis in 1962.

"He established a position with the United States president, then Jack Kennedy, which was almost a paternal relationship," Lord Home said. "Kennedy appreciated this very much."

The Lusaka-based African National Congress paid tribute to Mr. Macmillan, saying he would be remembered for his efforts to get South Africa to bow to change.

In a telegram addressed to Prime Minister Margaret Thatcher, the ANC, fighting a guerrilla war to overthrow the white-led government in Pretoria, said that news of Mr. Macmillan's death had been received with sadness.

"We shall always remember him for his efforts to encourage the apartheid regime to bow to the winds of change that continue to blow in southern Africa," the telegram said. "We have still to reap the full harvest of Pretoria's failure to heed that message."

The ANC message was signed by

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Harold Macmillan

"We shall always remember him for his efforts to encourage the apartheid regime to bow to the winds of change."

— Oliver Tambo, ANC president

Macmillan's Britain: Seeking a Compromise Between the Dinosaur and the Bee

New York Times Service

As the cool, adaptable Conservative prime minister of Britain, Harold Macmillan, a book-publisher's heir who was educated at Eton and Oxford, was largely engaged in helping Britain adapt to its changing role in the world and to its reduced military, economic and diplomatic power. He was philosophical about the need for change.

"The dinosaur was the largest beast," he once told a visitor, "but it was inefficient and therefore disappeared. The bee is efficient, but it is too small to have much influence. The British Empire was a dinosaur and didn't last. Britain's most useful role is somewhere between bee and dinosaur."

His goals as prime minister were summed up in 1976 by a fellow Conservative, Prime Minister Margaret Thatcher. He tried to lead Britain, she said, toward being a responsible society in contemporary terms.

In recognizing and acting on the need for flexibility, Mr. Macmillan was helped by his keen mind, by his upper-crust demeanor, which was reassuring to traditionalists, and by his skill at compromise, as finding middle ground. He often called his policies "the middle way" and his appeal was to the political center.

Like millions of others of his generation, Mr. Macmillan as a young man learned to accept and endure the buffets of history. He had a privileged youth in the halcyon days of a British upper class before World War I. He then spent four years as an army officer and saw the old European order dissolve.

He was wounded three times in the war and earned a reputation as one of the bravest officers in the British Army's five Guards regiments. Once, felled by a pelvis wound, he lay for a day in the no-man's land between the opposing armies.

He survived, finished brilliantly at Oxford after the war, and, in 1919, began his long public career, in an overseas post, as aide to the governor general of Canada.

Four decades later, Mr. Macmillan's work as prime minister lay largely in adapting to a lesser role for Britain in sensitive areas overseas. He accepted Egyptian control of the Suez Canal after the abortive British-French-Israeli attack on Egypt in 1956 while he was chancellor of the Exchequer.

He went along with U.S. policy in Europe and the Far East. He was obliged to abide by France's early veto of Britain as a member of the European Community, although this hurt him deeply because he had long been a friend of Charles de Gaulle, then the French president.

But mounting problems in Britain, including a security scandal involving his secretary of state for war, John Profumo, led him to resign in October 1963, when he was suffering from a prostate ailment.

During his years in public life, Mr. Macmillan also recognized the need to pull up the last British stakes in Africa so that former colonies could become independent. He understood the force of African nationalism, and he urged Britons to reconcile themselves to it.

"The wind of change is blowing through the continent," he said in 1960, coming a phrase that came to be widely used.

Mr. Macmillan tried to function as what he borrowed a 19th-century phrase called an "honest broker" between Washington and Moscow. But his efforts were thwarted by the failure of the Paris summit talks of 1960 and by the Cuban missile crisis of 1962. In the negotiating for a nuclear test ban, however, he did play a significant, albeit limited, part.

Mr. Macmillan walked the world stage with the aplomb of an aristocrat, but his family's 19th-century roots were in fact somewhat modest. His Scottish grandfather, Daniel Macmillan, was a bookseller who opened a shop in the university town of Cambridge in 1843 and, in the following year, added a publishing operation, doing business under the name Macmillan & Co.

Maurice Crawford Macmillan, Daniel's son and the future prime minister's father, was a schoolmaster who took charge of the company's educational books.

Maurice Harold Macmillan was born in London on Feb. 10, 1894. The first name was seldom used in later years.

Mr. Macmillan's mother, who came to have a

strong influence on him, was the American-born Helen Belles Macmillan.

He turned out to be a bookish youth, but also became known as a witty speaker, and he went on to display that wit in the House of Commons and, much later, in the House of Lords.

His World War I service, from 1914 to 1918, was a searing experience. It was in 1916 in northern France, during the Battle of the Somme, that he suffered the pelvis wound. It left him with a shuffling gait for the rest of his life.

His army years also helped imbue him with a very real concern for ordinary Britons — what he called, in a 1984 speech, "the best men in the world."

In 1919, Mr. Macmillan was named an aide to the then governor general of Canada, the ninth Duke of Devonshire, the head of the immensely wealthy Cavendish family. Macmillan married a daughter of the duke, Lady Dorothy Evelyn Cavendish, in 1920.

Mr. Macmillan then went into publishing before making an initial, unsuccessful political bid in 1923 for a seat in the House of Commons from Stockton-on-Tees, an industrial town in the north of England. He was elected from Stockton in the following year.

From 1929 to 1931 he was out of Parliament, but he returned, again from Stockton, and was active in both politics and publishing.

Mr. Macmillan came to the attention of Winston Churchill, already a veteran Conservative cabinet member, whose lead he accepted in assisting the Nazi march into the Rhineland in 1936.

It was Churchill who brought Mr. Macmillan into the government, in the modest post of a

parliamentary secretary from 1940 to 1942. Mr. Macmillan then served briefly, in 1942, as an undersecretary in the Colonial Office.

The turning point in his career came in December 1942, when he was named resident minister in Algiers, where he displayed his diplomatic skill and administrative gifts in adroit dealings with the French, including de Gaulle.

Mr. Macmillan gained the confidence of General Dwight D. Eisenhower for his calmness in dealing with highly sensitive issues and with British-American problems that arose.

In 1943, Mr. Macmillan was appointed resident minister for the Central Mediterranean, a post in which he dealt with Italian problems for Churchill. His reward was being named secretary for air in 1945, his first full cabinet post.

Yet it was short-lived; he lost his seat in a Labor victory that year. Mr. Macmillan was briefly out of Parliament until he was elected, in 1945, from Bromley, Kent, a suburb of London, which he represented until 1964.

While the Conservatives were out of power and Prime Minister Clement Attlee was in charge, Mr. Macmillan was put in the Conservatives' shadow cabinet as an expert on industrial policy and European unity.

In 1951, Churchill became prime minister again and named him minister for housing.

From there, he went to head the Defense Ministry in 1954 and to the Foreign Office as foreign secretary in 1955, with Sir Anthony Eden as prime minister. But Sir Anthony wanted to exercise that function himself, and Mr. Macmillan moved on after nine months to another key post, chancellor of the Exchequer.

When Sir Anthony resigned in January 1957, Mr. Macmillan was chosen as prime minister.

At the time, Mr. Macmillan was regarded as a stopgap, someone to take hold until the crisis passed. It was a measure of his skill at handling people and policy that he remained prime minister for almost seven years.

When Mr. Macmillan took office, the British, French and Israelis had withdrawn their troops from Egypt, Suez, except as a debating point in the House of Commons, was reeling from the political scene.

Nevertheless, relations with the United States had suffered when Washington declined to support the Suez venture, and one of his first tasks was to patch them up. So Mr. Macmillan and Eisenhower met in Bermuda to talk about the Middle East. Asked about the meeting, Mr. Macmillan said:

"What was it like? Why, very pleasant, very friendly, very encouraging, but not at all like an experience in the modern world. More like meeting George III at Brighton."

Thanks in part to rising prosperity in Britain, Mr. Macmillan led his party to a resounding victory in a general election in 1959 on the theme of "You've never had it so good."

His peace-mindedness, which had been a Conservative attitude for many years, diminished to a degree under Mr. Macmillan.

"The wind of change," which he discerned, was one that Britain learned to bend with after 1960, when Nigeria and other British holdings in Africa became independent nations while maintaining strong commercial ties with Britain.

Yet Mr. Macmillan suffered disappointments in being unable to throw the Cold War. He felt that some absence with the Soviet Union was possible, and to this end he favored a 1960 summit meeting in Paris between Eisenhower and the Soviet leader, Nikita S. Khrushchev.

The session fell apart when an American U-2 spy plane was shot down in the Soviet Union.

Mr. Macmillan observed wryly: "It's no use crying over spilt summits."

After the Cuban missile crisis of 1962, Mr. Macmillan was helpful in negotiations for the partial nuclear test-ban treaty that was signed the following year.

It was around this time, however, that sensitive domestic problems arose in Britain. There was unemployment and a bitter winter, in addition to the security scandal embroiling Mr. Profumo, the secretary of state for war.

The scandal broke when Mr. Profumo first publicly denied, then admitted, having had an affair with Christine Keeler, a young English girl. The national security aspect of the matter was that while Miss Keeler was seeing Profumo, she was also having an affair with Captain Yevgeny Ivanov, a naval attaché at the

Soviet Embassy in London. Mr. Profumo was obliged to step down from the government.

Mr. Macmillan, although not himself involved in the scandal, was blamed by many for not having kept a sharp enough eye on his associates. Then 70, he was suffering from enlarged prostate gland. He resigned, and was succeeded by Sir Alec Douglas-Home.

Queen Elizabeth offered Mr. Macmillan an earldom and the Order of the Garter, but he declined, saying privately that he did not want to detract from the office of prime minister, which he considered his greatest honor.

He returned to work in the management of the Macmillan publishing combine, finding time for shooting and fishing and to work on six volumes of stylish and readable memoirs: "Winds of Change," "The Blast of War," "Tides of Fortune," "Riding the Storm," "Pointing the Way" and "At the End of the Day."

In 1984, Mr. Macmillan, having changed his mind about becoming a lord, accepted the hereditary peerage and chose the title Earl of Stockton after his original parliamentary constituency, a shipbuilding and steel center.

In 1984, in his first speech in the House of Lords, he declared a coal miners' strike, then nine months old, which had led to violence on the picket lines, as "this terrible strike, by the best men in the world, who beat the Kaiser's and Hitler's armies and never gave in."

"It is pointless," he went on, "and we cannot afford that kind of thing."

In 1986, Nikolai Tolstoy contended in the book, "The Minister and the Massacre," that Mr. Macmillan, as minister in the Mediterranean, had doomed thousands of Yugoslav and Russian by turning them over to Communist forces at the end of World War II.

Mr. Tolstoy said that, by so doing, Mr. Macmillan had violated a U.S. and British policy barring the handing over of refugees by force or without proper screening. Mr. Tolstoy contended that Mr. Macmillan had conceded to Communist demands for the Yugoslav and Russian.

The same year, a kinsman, Viscount Macmillan, denied the Tolstoy assertion in a book, published in London. Viscount Macmillan contended that, on the contrary, "The blame, if any, rests firmly on the shoulders of the signatories of the Yalta agreement."

He also argued that the book contained misleading errors.

Lady Dorothy Macmillan died in 1966. Harold Macmillan, Earl of Stockton, is survived by two daughters, Lady Caroline Fisher and Lady Catherine Amery, 11 grandchildren and seven great-grandchildren.

TRIBUTE: Leaders Across the Political Spectrum Mourn Macmillan

(Continued from Page 1)

the group's president, Oliver Tambo.

Lord Wilson, who as Harold Wilson led Labor Party governments in the 1960s and 1970s, paid his own tribute to the man he called "a very old sparring partner."

"When he was chancellor of the Exchequer and I was what used to be called shadow chancellor, it became a classical fight between us," Lord Wilson said. "But there was no feeling of hate or animosity."

Mrs. Thatcher said: "His reputation and standing as a statesman

gave him a leading role in the world. He also left Britain a stronger country than he found it."

Other tributes came from Queen Elizabeth, the opposition Labor Party leader, Neil Kinnock; the Archbishop of Canterbury, Robert Runcie; and a former Labor prime minister, James Callaghan.

Mr. Macmillan's family announced that his funeral would be held in private Monday.

In Brussels, the European Community Commission president, Jacques Delors, paid tribute to Mr. Macmillan for his personal involvement in Britain's abortive attempt to join the EC.

Joseph Luns, a former secretary-general of the North Atlantic Treaty Organization, described Mr. Macmillan as "a very distinguished statesman. He had great understanding, a sense of dry humor and he had perfect manners."

Mr. Luns, 75, who was foreign minister of the Netherlands from 1956 to 1971 and went on to be NATO secretary-general for 12 years, is one of the few surviving European politicians who spanned Mr. Macmillan's time as prime minister.

John Fife, a space expert at the Federation of American Scientists, which generally opposes the anti-missile research program, said that the need for a space vehicle capable of lifting heavy loads had long been apparent but that it had always been thought to be a decade away.

Engineers usually speak of a system derived from the space shuttle, using its engines, fuel tank and booster rockets but not necessarily a manned spacecraft to carry the payload, he said. This would require relatively little innovation to build, he said.

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Instead, he said, it reflected "the success of some of the experiments that kind of bringing this to the fore a little earlier than had otherwise been expected."

French Rail Strike Talks Open After 2 Weeks

Meeting Follows Holiday Chaos

By Richard Bernstein

New York Times Service

PARIS — Negotiations began Tuesday between the French government and railroad workers in an effort to end a two-week strike that is embarrassing the conservative government of Prime Minister Jacques Chirac.

The strike, one of the worst in two decades, has created chaos among Christmas season travelers. It coincides with a three-week walkout by French dockworkers and seamen, and intermittent strikes by workers on the Paris Metro and bus system.

The government, pressed by public opinion, agreed Monday to resume talks with the rail strikers after a negotiating pause of more than a week.

It also suspended a salary and promotion program that was one of the chief issues in what began as a wildcat walkout by train engineers. François Lavandès was named government mediator in the talks.

Some train workers said Tuesday that the apparent concession was inadequate. They demanded that the salary program, which would stress merit in promotions rather than seniority, be withdrawn before the engineers return to work.

Later Tuesday, union officers walked out of the talks over the pay scale issue, but other representatives of the strikers continued negotiations.

"We are asking for the withdrawal, pure and simple, of the project," Georges Lanoue, a member of the Communist-controlled General Confederation of Labor, said Tuesday.

The train strike posed a dilemma for the Chirac government, which last month was forced to abandon an effort to change the university education system when students mounted huge protests against it.

The government is under pressure in what is called a "social crisis," following the student unrest. At the same time, according to officials, it does not want to be perceived as giving in to the strikers' demands.

"You can't direct a modern enterprise with people who are advanced solely by seniority," Em-



François Lavandès discussed his role Tuesday.

manuel Edou, an official in the Transportation Ministry, said. "Merit and ability have to enter into it."

The plan has provoked a wave of distrust among train workers, however, who contend that the new system, which was to start Jan. 1, would be unfair.

"I don't want to get ahead by climbing over the backs of my buddies," said Gilles Nozet, a striking train engineer who normally works on suburban lines leading out of Paris.

The railroad strike began two weeks ago, without the participation of any of France's main labor unions, when train engineers, contacting one another by telephone, walked out to protest the proposed change in the pay scale.

The workers then created a "national coordination," with members elected from railroad centers across France, who, joined by the major unions, have led the strike.

"The unions were unable to agree on a single set of demands, so we did the job ourselves," said one engineer. "Some of the unions were concerned about pay raises, others about working hours and the like. But it was the salary scale that brought us all together."

Despite the strike, train service improved Tuesday with about 40 percent of trains running. Earlier in the strike, only one in four trains maintained scheduled service.

Madrid Court Blocks Law On Abortion

The Associated Press

MADRID — Spain's Supreme Court struck down a month-old government decree Tuesday that had aimed to liberalize the country's 1985 limited abortion law.

The decision to suspend the Nov. 24 decree going away with obligatory five-member review boards and permitting private clinics to perform abortions was based on an appeal presented by a pro-life organization that claimed the decree was "dangerous to the health of the unborn," the national news agency EFE reported.

The government of Prime Minister Felipe González said it would use "all legal means at its disposal" to overcome the decision "for the benefit of all citizens who may be affected by it."

A number of appeals against the decree by pro-life groups and Spanish medical bodies are pending before the high court.

The July 1985 abortion law permits abortion only in cases of danger to the mother's life, malformation of the fetus and when or pregnancy results from rape or incest.

Before the enactment of the decree, all women requesting an abortion had to pass approval by a five-member review panel, and the abortions had to be performed in public social security hospitals.

At the time of the enactment of the Nov. 24 decree, only 200 women had been able to obtain legal abortions in Spain.

The government-funded Women's Institute estimated some 27,000 women were eligible for abortions during the 16-month period.

Observers viewed the high court's decision as part of an effort of Spain's generally conservative judiciary to block abortion through the courts in the face of a strong Socialist majority in Parliament.

Shortly before the Nov. 24 decree took effect, a Madrid judge ordered raids on several family planning centers in the Spanish capital and the seizure of their records.

Women whose names figured as patients of the centers were summoned before Judge Carlos Lavalle to testify.

They were never charged with a crime.

Under the Nov. 24 decree, a woman no longer needed to have the authorization of the review panel to obtain an abortion, and she could have it performed in a private clinic.

2 Jazz Dissidents Freed by Prague

United Press International

VIENNA — The authorities have released two of the seven members of a dissident group in the Czechoslovak Musicians Association known as the Jazz Section, sources in Prague said Tuesday.

The seven, who were arrested Sept. 2, were expected to be charged with operating an unauthorized enterprise and distributing illegal publications, the sources said.

The Jazz Section was formed in 1971 with an initial membership of 3,000 for the purpose of promoting jazz.



President Hafez al-Assad

ASSAD: 'He's in Trouble'

(Continued from Page 1)

and guns through the porous Lebanese border in hopes of regaining the importance and freedom they had before they were driven from their independent bases.

In two months of fierce fighting, Mr. Assad's main proxy in the area, the Shiite Muslim Amal militia, has been unable to dislodge the Palestinians. As a result, Mr. Assad could lose his Palestinian card: the factions under his sponsorship that are based in Damascus.

Also, Mr. Assad is being undermined in Lebanon by the growing strength and independence of the Iranian-backed Party of God, a Shiite fundamentalist movement that is increasingly challenging the Shiite Amal militia for dominance.

The Party of God "is pressing Amal," a diplomat said, adding that the Party of God has "become a powerful organization and one that could become a dominant organization if left unchecked."

The increasing power of the Party of God is one of several factors that have strained the alliance between Syria and Iran, which Mr. Assad has maintained despite pressures from other Arab nations.

Diplomats here are quick to point out the contradiction that Mr. Assad's main potential foe are the Sunni fundamentalist Moslem Brotherhood, spiritual kin of those who led the Iranian revolution and just the kind of forces Arab governments fear would be unleashed by an Iranian victory in the Gulf war.

But they also note that Mr. Assad and Aytullah Ruhollah Khomeini of Iran remain united by one strong bond: a common hatred of Iraq's president, Saddam Hussein.

Relations with the Soviet Union, diplomats here say, also have been strained by a number of factors. These include Mr. Assad's attacks on Mr. Arafat, who is favored by Moscow, and by Moscow's supplying of weapons to Iraq. But, again, these analysts suggest that mutual interests dictate that the Soviet-Syrian alliance, though uneasy, will remain in force.

(Continued from Page 1)

rupting public order and damaging property to spreading rumors in the course of recent demonstrations.

In an apparent attempt to placate such workers, the Xinhua news agency report Tuesday said that one of China's major tasks for the coming year will be to keep retail prices "basically stable."

The report said that those who start rumors of price rises to disrupt market prices would be punished, but it did not specify what the punishment would be.

Despite such reassurances, many city residents are convinced that the government is preparing a wave of price increases as part of its economic reform program. Grain prices are expected to rise next year by 5 percent to 10 percent.

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DIVERT: Israeli Role Reported

(Continued from Page 1)

or indirect support to the Nicaraguan rebels. Private groups, with the encouragement of President Ronald Reagan, were seeking to bridge the gap. Colonel North's meeting with the Israeli official took place after the ban.

Mr. Kinnock, according to Colonel North's account to the attorney general, said the United States had three options, the sources said.

The Israeli is said to have suggested that money could be provided from American government funds or from foreign aid money provided to Israel by the United States. But both of these approaches were unacceptable because they would violate the congressional ban on aid to the rebels.

Mr. Kinnock was then said to have suggested a third option, namely to increase the price of the weapons being sold to Iran and to send the proceeds to the Nicaraguan rebels.

Colonel North has not commented on any aspect of the Iran affair since his interview with the attorney general. He has refused to testify before Congress, citing his Fifth Amendment right against self-incrimination.

In his news conference Nov. 25, Mr. Meese surprised the Israeli government when he publicly asserted that "representatives of Israel" had been involved in the diversion.

No American official has confirmed Colonel North's reported assertion that the idea of diverting money to the Nicaraguan rebels originated in conversations with an Israeli. At various stories about Colonel North have appeared in recent weeks, people inside and outside the government have asserted that he embellished aspects of his personal statements.

One day after the diversion of funds to the Contras was disclosed by Mr. Meese, the Israeli government issued a statement that said: "The funds did not pass through Israel. The government of Israel was surprised to learn that supposedly a portion of the funds was transferred to the Contras. If such a transaction took place, it had nothing to do with Israel and the government of Israel had no knowledge of it. Israel did not serve and would not have served as a channel for such a transaction."

It was not clear when Colonel North actually met with the Israeli official whom, he said, suggested the diversion of money.

By April 1986, Colonel North is believed to have been the author of a draft national security directive suggesting the need to raise \$12 million in "bridge money" for the Contras from the Iran arms sales.

SPACE: New SDI Funds Sought

(Continued from Page 1)

new project. "It is to do the work leading towards it."

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WORLD BRIEFS

Kim Offers Korean Unification Talks

TOKYO (Reuters) — President Kim Il Sung of North Korea proposed Tuesday holding high-level talks with South Korea on the "urgent question" of reunification.

"We deem it necessary to hold high-level political and military talks between the North and the South in order to settle the first and most urgent question of national reunification," the North Korean Central News Agency reported Mr. Kim saying in a speech to the Supreme People's Assembly, or parliament, in Pyongyang.

There was no immediate official response in Seoul. South Korea has been seeking a resumption of the trade, parliamentary and Red Cross talks suspended by North Korea earlier this year.

Sikh Militants Block Roads in Punjab

Americans Abroad With Sheltered Funds May Pay More Taxes

Second of two articles
By Robert C. Sinc

WASHINGTON — Americans abroad who are involved with tax shelters could be subject to tax increases as the new tax reform act takes full effect.

Americans living on pensions or Social Security will see little change, and those paying little or no income tax in the countries where they reside may even benefit from the lower U.S. rates.

However, taxpayers trying to set aside money for retirement will find that many of the tax breaks granted for such savings have been curtailed or eliminated.

For those with so-called unearned income — from stocks and bonds or real estate — the new tax laws completely change the rules.

Probably the most significant changes in the tax treatment of unearned income are the elimination of the special tax treatment of long-term capital gains and the end of the use of so-called passive losses to avoid taxes on other income.

Under the old tax law, the maximum marginal tax rate on long-term capital gains was 20 percent. That rate will rise to 28 percent in 1987 because the new law treats capital gains as ordinary income. In 1988 and thereafter the marginal rate for capital gains can be as high as 33 percent at income levels where the benefits of the 15-

cent income bracket and the personal exemptions are phased out.

Shelters
Losses from passive activities may not be used for avoidance of tax on other types of income such as salaries, fees, capital gains, dividends and interest. Passive activities are generally defined as trade or business activity in which the taxpayer does not materially participate. In other words, if you are not actually running the business you cannot use the losses to offset your other income. Since most tax shelters depend on the use of passive losses, their benefits have been almost entirely eliminated.

To soften the blow to those taxpayers who owned tax shelters before the law was enacted there is a

five-step phase-out period. The benefits are reduced to 65 percent for 1987; 40 percent in 1988; 20 percent in 1989; 10 percent in 1990 and 0 percent in 1991 and thereafter.

Real Estate
The passive loss rules for tax shelters including the five-step phase-out of benefits, also apply to real estate. In addition the period over which a property is depreciated has been lengthened and use of accelerated depreciation has been banned.

Americans who rent their homes in the United States while they are abroad will no longer be able to use their housing expenses to offset other income.

While the tax shelter benefits of

real estate investments have been almost entirely eliminated, a taxpayer will still be able to deduct mortgage interest and state and local property taxes on first and second homes.

Alternative Minimum Tax
The categories of preferential income subject to the alternative minimum tax have been expanded, and the tax rate has been increased from 20 percent to 21 percent. Preferential income is income that is either tax free or subject to a special low tax rate. The categories now include accelerated depreciation, intangible drilling costs, tax-exempt interest on private activity bonds issued after Aug. 7, 1986,

and untaxed appreciation on charitable gifts of appreciated property.

Under the alternative minimum tax rule, a taxpayer computes his tax twice. First his tax is figured using all the rules that reduce or eliminate preferential forms of income.

The taxpayer then computes the tax by adding up all income without using the tax preference rules, subtracting a threshold amount of \$40,000 (\$30,000 for single people, \$20,000 for married people filing separately) and then taking personal exemptions and regular deductions. Twenty-one percent of that amount is the alternative minimum tax.

The taxpayer then compares the tax calculated using the preference rules, with that using the alterna-

tive minimum tax rules and pays whichever amount is greater.

The new law also phases out the threshold amount used in figuring the alternative minimum tax for alternative minimum taxable income over \$150,000 (\$112,000 for singles, \$75,000 for married people filing separately).

In addition, a taxpayer can no longer use foreign tax credits to wipe out his alternative minimum tax liability. In the past foreign tax credits could be used to offset both regular and alternative minimum taxes owed. Under the new law a maximum of 90 percent of the alternative minimum tax can be offset by foreign tax credits.

Pensions
The new law requires that taxes be withheld on pensions paid to Americans living outside the United States.

Contributions to an Individual Retirement Account are not deductible if a taxpayer is a participant in an employer-maintained retirement plan. Contributions to a tax-deferred savings plan are limited to \$7,000 a year.

After retirement, federal employees henceforth will be taxed not only on that part of their pensions that are attributed to contributions by the government and to interest but also to that part of their pensions attributed to their own contributions.

Dependents 5 Years Old Need Social Security Cards

WASHINGTON — The new U.S. tax law requires that any taxpayer claiming a deduction for a dependent 5 years old or older must include a Social Security number for that dependent.

The requirement takes effect Jan. 1, but does not apply to returns for the 1986 tax year.

Social Security numbers are obtainable by filling out an application for a card, Form SS-5, from the Health and Human Services Department.

Special procedures have been set up for processing applications from Americans overseas.

Military personnel serving abroad can obtain the forms from their military installations. Civilians should apply at a U.S. embassy or consulate.

A Social Security spokesman emphasized that the application cannot be completed without proper identification to establish the age, identity and citizenship of the applicant. The preferred identification is a valid U.S. passport.

Other accepted proofs are an original birth certificate or baptismal record. No copy, not

even a notarized copy, will be accepted. Either a birth or baptismal record must be accompanied by another form of identification, such as school or hospital records, vaccination certificates or military identification cards.

Americans for whom a personal visit to a U.S. embassy or consulate is not practical may make the application by mail. Those applying by mail are urged to send an original birth certificate or baptismal certificate and another form of identification. It is not recommended that passports be mailed.

AMERICAN TOPICS

Cruise Ships Enlisting Older Men as Escorts

The scarcity of older men, as compared with older women, on cruise ships is encouraging shipping lines to provide male escort or host services. The men, usually required to be single and over 50, are paid or given expense-paid passage in exchange for acting as dancing or bridge partners to women, joining them for a drink, playing deck games like quints, or accompanying them on shore excursions. Viking, Cunard and Royal Cruise hired a total of 300 hosts this year.

Women get jumpy "when there aren't many men around," says Nancy Swasey of the Royal Viking Line.

The New York Times reports that "while ballroom skills and social graces are basic credentials for the job, cruise officials are horrified when applicants or anybody else refer to such people as gigolos, or suggest that the role has sexual overtones. It is definitely not a new kind of dating service, they point out, and it is carefully regulated."

For example, Royal Cruise requires its hosts to sign a contract in which they agree never to spend a significant amount of time with one woman, never to leave a public area with just one woman and never to visit a woman's cabin or have her to his cabin. Hosts who disregard the rules can be put off at the next port of call and must pay their own way home. But despite the rules, or perhaps because of them, shipboard romances do occur.

start his trial. His lawyer argued that the state had failed to start the trial within the 180-day limit specified by law. Circuit Judge DeLawrence Beard dismissed all charges. The judge said cases can be delayed beyond the limit at the request of either side "for good cause," but no such request had been made. The prosecution said it would appeal.

Lieutenant General James A. Abrahamson has been nominated by President Ronald Reagan for promotion to four-star general. Congressional approval is expected, since Congress earlier this year voted to expand the number of four-star commands in the air force from 12 to 13 in order to accommodate the promotion of General Abrahamson, chief of the Strategic Defense Initiative missile-defense program since 1984.

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Morton Sobell remains a militant leftist. Mr. Sobell, now 69, spent 18 years in prison after his 1951 conviction with Julius and Ethel Rosenberg of spying for the Soviet Union. Released in 1969, he maintains that he and the Rosenbergs, who were electrocuted, were framed. Today, he espouses causes from Vietnam to Nicaragua. "I feel that left-wing groups today are highly ineffective," he says, "because they're inward-looking, and when I do get a chance to address them, I try to make that point."



Senator Patrick J. Leahy

For a City Slicker, A Yankee Rebuff

The New York Times interviewed Senator Patrick J. Leahy, Democrat of Vermont, but it took some doing. His "neighbors, taciturn New Englanders through and through, are determinedly protective of his privacy," The Times reported.

On a dirt road near the Leahy farmhouse, a neighbor was asked, "Senator Leahy live up this way?"

Neighbor: "You a relative?"
Reporter: "No."
Neighbor: "A friend of his?"
Reporter: "No."
Neighbor: "He expecting you?"
Reporter: "Never heard of him."
—ARTHUR HIGBEE

Short Takes

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Murder conspiracy charges were dropped against Francis Stewart Payne, 45, owner of a Damascus, Maryland, print shop, because the prosecution waited 24 hours too long to



Alton W. Maddox Jr., left, lawyer for a victim of the Howard Beach attack, stands outside the court with black leaders after a judge dismissed the murder and manslaughter charges.

Murder Charges Against 3 Whites Are Dropped in N.Y. Racial Incident

By Robert D. McFadden
New York Times Service

NEW YORK — Charges of murder, manslaughter and assault against three white youths in the death of a black man in suburban Howard Beach have been dismissed by a New York judge after the prosecution's key witness, another black man who was attacked, refused to testify.

The dismissals Monday for insufficient evidence brought cries of "injustice!" from some spectators and left only a lesser charge of reckless endangerment against the youths. They had been accused of chasing and beating three blacks in a racial attack Dec. 20 that ended when one victim, Michael Griffith, was struck and killed by a car as he fled onto a highway.

The affair, widely perceived as the worst racial incident in New

York City in years, has drawn national attention.

In Queens Criminal Court, Judge Ernest Bianchi also set bail for the youths: \$25,000 for Jon L. Lester, 17, and \$15,000 each for Scott Kern, 17, and Jason Ladone, 16. The defendants, who had been held eight days without bail, were expected to be released.

The judge said the district attorney, John J. Santucci, was free to go before a grand jury and seek reinstatement of more serious charges.

But the judge ruled that testimony by police officers who questioned the youths was not sufficient to establish "probable cause" that the defendants had committed murder, manslaughter or assault.

Judge Bianchi ruled that the testimony, based almost entirely on what the youths said, was sufficient to sustain a charge of first-degree reckless endangerment, punishable by up to seven years in prison.

The actions came in a four-hour proceeding. It was the refusal of Mr. Griffith's stepfather, Cedric Sandiford, to testify that prompted the dismissals. Besides the defendants and about eight other white youths, Mr. Sandiford was apparently the only person who saw Mr. Griffith flee through a hole in a fence onto Shore Parkway, where he was killed by a car driven by Dominick Blum.

Judge Bianchi said of Mr. Sandiford, "He's a Negro, a black man, who did not come to testify." Alton H. Maddox Jr., Mr. Sandiford's lawyer, said his client did not attend the hearing because he refused to cooperate with "a bad-faith investigation and prosecution."

Mr. Maddox asserted that Mr. Blum was a willing accomplice of the white defendants and had deliberately run down Mr. Griffith.

According to the police, the victims were beaten with baseball bats, a tree limb and fists in two attacks by a youthful gang of nine to 12 whites after their car had broken down near Howard Beach.

Not the Time for Greeting

MOSCOW — Mikhail S. Gorbachev and Ronald Reagan will not exchange televised New Year's greetings, a Foreign Ministry spokesman, Gennadi I. Gerasimov said Tuesday.

The U.S. president spoke to the Soviet people and the Soviet leader made a broadcast on U.S. television last year.

Mr. Gerasimov said that the U.S. ambassador to the Soviet Union, Arthur A. Hartman, had delivered a request for greetings this year, but the Soviet Union considered it inappropriate. "We believe such an exchange is a good thing," Mr. Gerasimov said, "but it should be in line with the spirit of our present situation."

Referring to the U.S.-Soviet meeting in Reykjavik, Iceland, in October, he added: "Why should we create any illusions about our relations? The Reykjavik agreements are not being observed by the United States."

"We regret that the Soviets rejected our proposal," said a U.S. State Department spokesman, Phyllis Oakley.

Mr. Gerasimov noted that the United States had decided to break the SALT-2 treaty on limiting strategic nuclear arms, and that the Reagan administration had failed to join the Soviet moratorium on nuclear weapons tests.

Philippines Sues Marcos, Claiming N.Y. Property

By Keith B. Richburg
Washington Post Service

MANILA — The Philippine government has filed an \$850 million lawsuit against exiled former President Ferdinand E. Marcos, his wife, Imelda, and 10 business associates, claiming that Mr. Marcos used "a pool of purloined, stolen funds" to buy \$350 million worth of prime real estate in New York.

The suit, filed Monday, asks that the Philippine government be declared the rightful owner of four buildings in Manhattan and an estate on Long Island. A federal district court in New York has

blocked the sale or transfer of the properties pending legal action by the Philippine government.

The suit also seeks \$500 million in damages and court costs from Mr. Marcos and his associates.

Filing the suit in Manila was necessary, officials said, to establish that the properties were obtained illegally and to give U.S. courts a legal basis for turning over ownership to the government.

"This is the first in a series of suits" against "the Marcoses, their cronies and business associates, involving the ill-gotten wealth they acquired here and abroad during Marcos' 20 years in power," said Jovito R. Salonga. He is chairman of the Presidential Commission on Good Government, which is charged with tracking down and retrieving Mr. Marcos' wealth.

Mr. Marcos said Monday in Hawaii that he wanted to return to the Philippines to defend himself against the suit. The Associated Press reported from Honolulu.

"The Philippine Commission on Good Government has no jurisdiction over ownership and disposition of real estate and properties located in a foreign territory like the United States," Mr. Marcos said in a statement issued by his spokesman, Gemmo Trinidad.

"I ask that I be given my passport so that I can go home and protect our good name and honor which is the right of everybody in a litigation."

Terry Dolan, U.S. Conservative, Dies

WASHINGTON — John T. (Terry) Dolan, 36, a founder of the National Conservative Political Action Committee, died Sunday after a long illness.

A spokesman for the fund-raising organization said the immediate cause of death was congestive heart failure.

Mr. Dolan was a prominent conservative spokesman. He spoke out in favor of school prayer, reducing the size of government and against abortion. He also criticized some Republican politicians for being "co-opted by the liberal establishment."

He co-founded the action group, which gained prominence with the

election of President Ronald Reagan in 1980. The committee funneled nearly \$2 million into Mr. Reagan's campaign.

Other deaths:
Cardinal Pietro Parente, 95, a conservative Italian theologian and oldest member of the College of Cardinals, Monday night following a long illness, the Vatican said Tuesday.

Warner B. Reginald, 88, long-time political editor of U.S. News & World Report and a journalist for more than half a century, Thursday in Burlington, North Carolina. He had worked 17 years with The Associated Press before joining the magazine.

Exxon to Spin Off Its South African Operations

By Mark Ports
Washington Post Service

WASHINGTON — Exxon Corp. announced Tuesday that it would spin off its operations in South Africa into a trust arrangement that will dedicate part of its profits to funding social programs.

Exxon's is the latest in a series of actions by American companies to pull out of South Africa in the face of mounting protests over that nation's policy of apartheid. In recent weeks, such companies as General Motors Corp. and International Business Machines Corp. have announced plans to end their involvement in South Africa.

Exxon said it decided to establish the trust — in which it will have no ownership position — because the New York-based oil giant had been unable to find a local buyer in its South African business.

Donna Katzin, director of the international justice program at the Interfaith Center on Corporate Responsibility in New York, said the anti-apartheid group commended Exxon's action, but would have been more pleased if the company had gone further and ended ship-

ments of raw materials and licensing of technology to South Africa.

Exxon declined to disclose financial details of the arrangement.

It said the South African business, which includes petroleum and chemical marketing divisions, employs about 200 people. The operation had revenue in 1985 of less than \$200 million — about 0.2 percent of Exxon's total revenue of \$93.2 billion.

That makes Exxon a relatively small player in the South African oil business. Other oil companies, notably Mobil Corp., have large-scale operations there.

The trust arrangement apparently is the first of its kind by an American company; most other companies have either dropped their South African operations entirely or found a local buyer.

"The deterioration of the South African economic and business climate caused by the continuing internal and external constraints has affected our growth," said Exxon's president, Lawrence G. Rawl. "In view of the fact that we were not able to sell our operations, we did not want

to shut them down and abandon our employees."

Under the plan announced Tuesday, Exxon will provide financing to the new trust to purchase and operate the company's South African assets. Although Exxon would help select the first group of trustees, it would have no further direct involvement, and none of the trustees would be Exxon employees.

The trust would be required to stop using the brand names Exxon and Esso within a few months, according to an Exxon spokeswoman. It would still have access to supplies of raw materials from Exxon, but would not be required to buy from the company.

The trust's profits would be used to pay off the loan from Exxon, for employee profit-sharing, and for charitable organizations that provide services to blacks, people of mixed race and Asians in South Africa. The new company would be required to comply with Exxon's existing anti-segregation policies.

Leaders Discuss Sanctions
Prime Minister Robert Mugabe of Zimbabwe and President Kenneth Kaunda of Zambia met Tues-

day on their border and discussed the possibility of imposing sanctions against South Africa. Reuters reported from Kariba, Zimbabwe.

A communiqué at the end of the talks did not shed light on likely measures.

But political sources said the issue of what Zimbabwe and Zambia might do had dominated the three-hour meeting in Kariba, and announcements by Mr. Mugabe and Mr. Kaunda, the region's most vocal critics of Pretoria's apartheid laws, were expected in their New Year speeches on Wednesday.

Both Mr. Mugabe and Mr. Kaunda have said they will impose limited economic sanctions on South Africa, agreed at a Commonwealth meeting in London in August. These include cutting air links and trade in such goods as steel and fruit and vegetables by year-end.

The communiqué said Mr. Mugabe and Mr. Kaunda "commended the recent withdrawals of some transnational companies from South Africa and called on those other foreign companies which have not yet withdrawn to do so forthwith."



INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Confidence, Please

Some years are marked by what did not happen rather than what did. Economists may well list 1986 as a no-event, while doubting whether no news was good news. The pessimistic view of the world economy, with a hard landing for America and consequential global distress, proved premature, but does a gray year presage a white or black one thereafter?

Two disasters failed to occur. Trade warfare spread only modestly — although the year ends with U.S.-European hostilities announced for 1987. And there was no substantial move toward debt default by the developing countries, an event that could have spawned financial panic in the North and stopped all progress in the South. But the more rapid economic growth so confidently forecast by most OECD governments failed to materialize, even after the temporary collapse of oil prices. Unemployment, instead of shrinking, grew and lasted longer for its victims. The rich economies provided little help to the poor. And divergences in the rich world — the vast U.S. payments deficit and the corresponding surpluses of West Germany and Japan — remained untouched.

So 1987 opens precariously. The United States is going to incur further massive debt to other countries. The new Congress will use this to excuse fresh onslaughts against free trade — onslaughts vainly believed to be helpful to American industry, because few politicians understand that anything they can do, others can do better. For an apparently indefinite period, Europe is going to suffer high unemployment, which at some stage must threaten social cohesion. France may only be the first to experience the lack-

lash from workers who feel menaced. And it is an open question how long the big debtors in the developing world can continue to support the austerity programs thrust on them by near-bankruptcy. The onsets of 1986 may only have postponed our problems.

Politics among the rich seems currently unhelpful to good economic strategy. The mess in Washington menaces stability in the American business world. Surprising political ineptitude handicaps the French government. Britain seeks to sweep problems under the rug as elections loom. The imminent elections in West Germany may, by their result, encourage the immobility and inward looking of Helmut Kohl. Japan seems lastingly stymied because its prime ministers are the prisoners of warring factions in the ruling party.

But it is easy to exaggerate the political limits to official initiative. The most constructive private attitude for 1987 may be one of irritation against the pusillanimity of governments. Not one of these economic problems is intractable. With a bit more determination and international understanding, 1987 could see the start of better-balanced growth in the rich world, a defusing of the trade bomb without waiting for the laborious GATT negotiations that are about to open, and a more effective attack on Third World debt through the IMF and the World Bank that would give commercial banks more courage. It demands confidence, and less small and inward thinking, on the part of governments which overestimate the stupidity and petty nationalism of their electorates and suffer from an inferiority complex that can make them truly inferior. The new year's best gift would be more confidence for governments.

INTERNATIONAL HERALD TRIBUNE

A New Role for the IMF

The International Monetary Fund, which provides loans and advice to ailing economies, finally has a new director. It needs a new direction as well.

Jacques de Larosière, who piloted the IMF skillfully through the opening phases of the world debt crisis, has resigned after eight years. He and his predecessors were chosen by consensus of the fund's European members, but this time a showdown between France and the Netherlands forced an election. After a campaign with no speeches, no public promises and no vision of the fund's future, the prize went to Michel Camdessus, governor of the Banque de France. By all accounts he is well qualified as financier, civil servant and diplomat.

He will need all of those talents, for debt problems are far from ended. He will be swamped by repeated negotiations and renegotiations over assistance for countries in distress. Increasingly, he will face borrowers who have become frustrated and angry with their creditors' demands, and banks unwilling to lend more. Creative new formulas will be needed. But Mr. Camdessus can also lead the fund to greater influence in a new direction — helping to coordinate economic policies among the industrial nations, on whose stable growth all else rests.

The role of the fund has already been transformed by the debt crisis and Mr. de Larosière's innovative response. The crisis

erupted with Mexico's startling declaration in 1982 that it could not meet scheduled payments on its \$90 billion foreign debt. Foreseeing that the problem went beyond Mexico, Mr. de Larosière demanded that commercial banks join with the fund in putting up new loans, refusing to commit fund assistance until the banks agreed. With the Reagan administration insensitive to the looming crisis, he acted on his own authority. It was a master stroke. From the viewpoint of the borrowers, though, the terms were painful austerity to get their economies back in balance.

Gradually the fund has accommodated political realities, but the borrowers want still more relief. Washington's newly disclosed willingness to ease terms on military aid loans to 38 countries is a hopeful sign that the Reagan administration recognizes how burdensome their debt has become.

Coping with these debts is an extension of the fund's original function, much enlarged. Coordinating economic policies on an international scale is new territory. The Western powers did agree at their last economic summit meeting to submit to "surveillance" by the fund. In this role, the fund can only identify problems. Working them out remains in the hands of governments.

The challenge for Mr. Camdessus is to match Mr. de Larosière's boldness.

— THE NEW YORK TIMES

Other Comment

London Papers Peer Ahead

The coming year will provide the first opportunity to test the reality of Soviet reforms. Mikhail Gorbachev's Russia is like a great ship preparing to leave port.

In the past 12 months there has been a humming and clanking of internal mechanisms; commands have been shouted to the engine room; up on the bridge, the captain has been poring over his charts. Until a few weeks ago the view of the dockside remained static. Now there is a sensation of movement. The cranes on the quay are slipping away, the ship is heading seawards.

There are three measures by which to judge the vessel's likely course: reshaping of the economy, progress of foreign relations and recognition of basic human rights.

— Andrew Wilson in *The Observer*.

Today's university students were not born when the Cultural Revolution, which so scarred their parents, burst upon China. For them, political memory begins just as China was opening its doors to the outside world and settling down to the long, hard slog of economic development under a more flexible and competitive system.

Several cities have decided to introduce stricter security measures to prevent outbreaks of pro-democratic sentiment. With a party congress set for October and appetites whetted for more reforms, the students may have made it much harder for Deng Xiaoping to push his program. The fear in Beijing is that their protests will turn out to be a major setback on the road to prosperity and a more open political system.

— Ryland Willis in *The Sunday Times*.

As 1987 dawns, optimists around the world are praying that it will be an improvement on International Year of Peace — 1986.

designation attached to 1986 by the United Nations, more in hope than expectation.

Academic estimates calculate that 83.6 million people have been killed in wars in the first 85 years of this century. All the indications are that this figure will be substantially higher in the year to come.

Rather than healing any of the existing wounds of the world, International Year of Peace has seen the reopening of several old ones. According to Professor Lawrence Freedman, of the Department of War Studies at King's College, London, "1986 was very similar to 1985, and it doesn't look as if there are any great rays of hope on the horizon for 1987. The Iran-Iraq war is not going to end, and it will take a long time to resolve things in Afghanistan. Cambodia is bubbling along and so is Central America. It is the nature of these wars that they are all long-term conflicts."

— Patrick Bishop in *The Sunday Telegraph*.

The European Community and the United States are to celebrate the New Year by starting a small trade war. The cause belli this time is the loss of market share for American farmers caused by the enlargement of the EC to include Spain and Portugal. This latest tussle is not just a reminder of the unhealthy competition between European and American subsidization of farmers. The EC form of subsidy may be anathema to American politicians — but so it is to many Europeans. What emerges most clearly is their failure to cope with strains that will be inevitable until the worldwide distortions to agricultural trade are tackled multilaterally.

In the meantime, Washington and Brussels must overhaul their system of liaison to provide early warning of maneuvers before they can turn into battle formations.

— *The Financial Times*.

INTERNATIONAL HERALD TRIBUNE

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OPINION



The president returns from clearing brush at the ranch ...

Yes, We Could Have Done Better

By David S. Broder

WASHINGTON — At the end of the year, the proprietor of this column customarily reviews the previous 52 weeks' output. For the amusement of the customers and the mortification of his soul, he highlights some of the more flagrant mistakes of fact and judgment of which he has been guilty.

A rereading of the past year's columns turns up the usual rich variety of bowlers, including the inexplicable shift of an earnest service secretary from his proper place in the Eisenhower administration to the strange surroundings of the Kennedy sub-cabinet. Yet another theft from the memory bank.

But when I tried the other night to write amiably about my goofs in 1986, it seemed petty and self-indulgent. As every Washington journalist knows, we are being asked serious questions about our role in the story of mismanagement and deception that has washed over the Reagan administration in the past two months. This is not a season for joking about incompetence.

My mail on the subject — which is heavy — is of two types: Many want to know why the media are zapping a popular president with daily doses of disturbing information. Many others ask why I took us so long to reveal the shortcomings of this White House.

The first question is easy. We are pursuing the story with all our resources because that is our job. It is especially our responsibility when none of the government officials involved has chosen to come forward in public with a comprehensive narrative and accounting of what he did and what he knew about this whole sorry affair.

We dish it out in daily dribs and drabs because that is the only way we can. No one gives us the whole picture, so we fill in a few gaps each day, necessarily repeating or revis-

ing what we have reported previously. Cumulatively, the effect of all these stories is depressing, maybe even oppressive.

But those who say they don't want to hear it are in effect saying they do not care how the U.S. government has exercised or abused the power it holds as a public trust. To reject such information is to reject an obligation of citizenship.

The second question is harder to answer. Elizabeth Drew, writing in last week's *New Yorker*, said, "The truth is that Reagan's popularity has had a high proportion of this town [Washington] cowed." Journalists and news organizations were certainly not immune from intimidation or seduction by the White House. But it is not accurate to suggest, as some are now doing, that Ronald Reagan had a "free ride" from the press until the Iran-contra affair exploded.

In September 1985, when Mr. Reagan's popularity was stratospheric, I wrote what were probably the harshest sentences I had ever set down about a U.S. president: "The task of watering the arid desert between Mr. Reagan's ears is a challenging one for his aides ... When someone approaches [him] bearing information, he flees as if from the leper's touch ... He knows what he thinks and has the power of his own beliefs. But he treats knowledge as if it were dangerous to his convictions. Often it is."

Later that same month, columnist Jack W. Germond and Jules Witcover quoted "a prominent Republican in the House, a conservative and loyal Reagan supporter," who was worried that after Mr. Reagan's colon cancer surgery "the president is even more disengaged than he was before the operation."

In a comment whose significance we can now appreciate, they quoted their source as saying "that as far as he could learn, Reagan's preparation from his national security staff was 'only the basic stuff that after five years as president ought to be second nature to him.'"

Indeed, Mr. Reagan's disdain for the complexities of the real world has been a reiterated theme for years in the coverage of thoughtful journalists like *The Washington Post's* Lon Cannon. At the beginning of 1986 he wrote: "Increasingly, the Reagan administration functions reflexively, with most of the work done by mid-level aides ... His government often runs on automatic pilot, and he seems too distant from his subordinates' deliberations or the outside world's concerns to notice. Eventually, isolation is likely to exact a price."

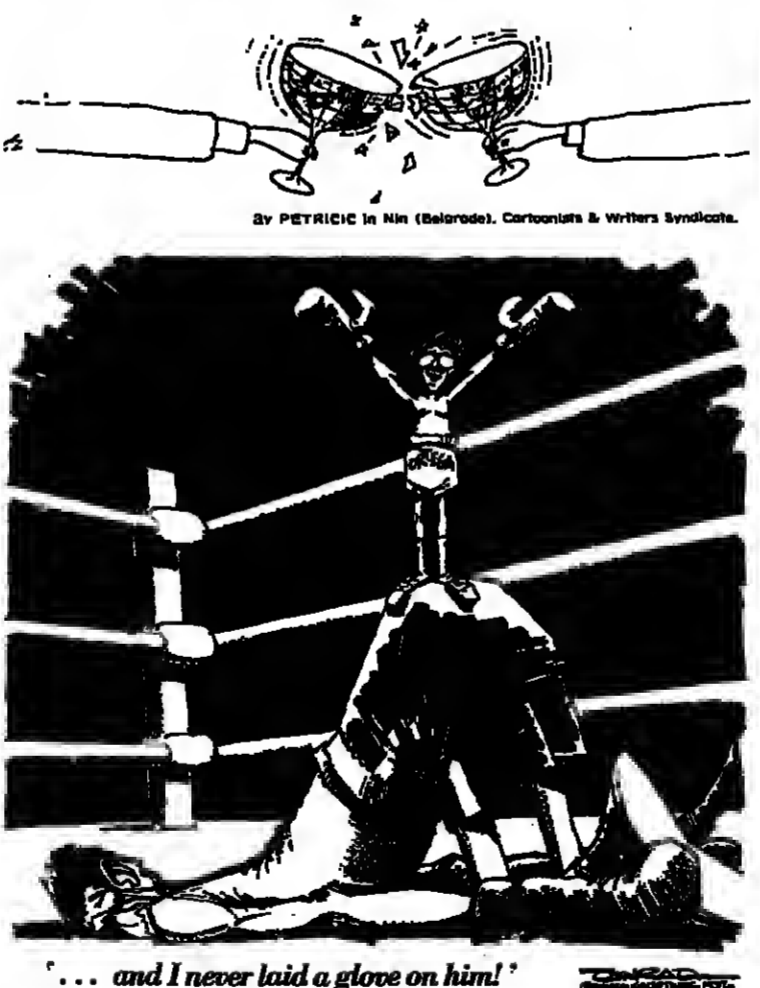
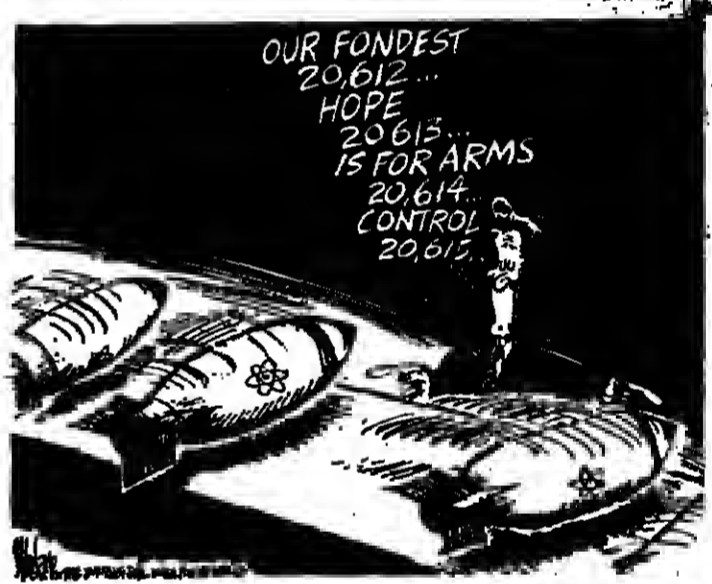
Ten months later it did. The public, having overlooked earlier examples of Mr. Reagan's costly detachment, was shocked and disillusioned. But that is not an excuse for us. Virtually every reporter in Washington — and politician, too — knew Mr. Reagan had only a fleeting interest in the day-to-day policies and operations of government. But too many of us convinced ourselves that it made no difference; that it was enough to be lucky and popular. Even those of us who were not so bemused generally decided not to make pests of ourselves by harping on our concerns about his limited intellectual energy.

For that we can and should be faulted. James David Barber, the Duke University political scientist, is correct when he writes that we did not hold Mr. Reagan sufficiently to account when his words showed that he did not "live in the real world." Eventually that world intrudes and a high price is paid.

The Washington Post



Brother, can you spare a hundred billion or so toward the interest on the last trillion or so?



... and I never laid a glove on him!



Think about it. The Chernobyl explosion was caused by human error, and the shuttle explosion was caused by human error ...



IN OUR PAGES, 75 AND 50 YEARS AGO

1912: 'It Wasn't So Bad'

PARIS — [A Herald editorial says:] "The year that has just passed away was marked with great events and many anxieties, but it wasn't so bad. Unrest and turbulence in Mexico, Persia, Turkey and China; the Moroccan crisis and the war in Tripoli; trust-busting and tariff-tinkering in the United States and all the rest of it leave the world fairly peaceable and comfortable at the beginning of the new year. There's no denying that 1911 gave us many bad scares, but, as the old woman on her deathbed said of her many troubles in life: 'Most of them never happened.'"

1937: The Year 2000

PARIS — [A Herald editorial says:] "The year 2000 A.D. is already within attainable distance. Millions alive today will hail its dawn with the same feelings of anxiety and hope with which we are ushering in its sixty-third predecessor today. What will this intervening period bring to this generation that is still in its infancy? Will it look forward to the year 2000 as the beginning of a millennium, or will it await its approach with terror, as our forefathers did a thousand years ago? In so far as this is obviously a transition period from an order to a new, we may legitimately hope that we are moving toward better things. But at the price of what suffering and tribulations? That is the enigma. The period of trouble may be so long as to seem eternal and to point to the end of the 20th century as the culminating point of an upheaval doomed to end in cataclysm. 'A Happy New Year to All.'"



OK, no more Mr. Nice Democratic President — lock everyone up!

OPINION

Back at the Ranch, the Chief Takes Stock

By William Safire

NEW YORK — The whole world is going bananas. Here I am, on the ranch, and what do I see? I see the Russians giving Andrei Sakharov a television studio to broadcast to all the American television networks, and Gorbachev's men smiling at that fearless dissident spokesman the Red Army's occupation of Afghanistan. Crazy.

Beirut being tortured, and was willing to pay anything to spring him before every name in our Middle East network was forced out of him? That's out of character. We can never admit publicly we're vulnerable to blackmail. The plain truth is not a realistic option.

Poor Bill, to have all his fine work rebounding that agency go down the drain this way. Do you suppose his brain

Northdexter could decide to involve me in that contra thing, which I was not a part of, that I can remember.

tumor affected his judgment over the past year, the way his friends say it affected his mood?

At least now when they ask him to testify about meetings with me he can deliver my old line from "King's Row": Where's the rest of me? Bill can take a joke, especially coming from me now.

I didn't choose January for my prostate operation because it was the most convenient time: For a president, just before the State of the Union and the budget, it's the worst time, but the doctors say I shouldn't wait another month. Chutty guy, Bill Casey. As soon as that great American can talk, I'll bet he'll tell me his candidate for a successor. He'll want me to get Leo Chernie's advice. It's a pity we kicked Edward Bennett Williams off the Intelligence Advisory Board, to make room for Hen-

ry Kissinger or somebody. Now the Williams law firm is working for Olie North, and Ed knows too much about the place across the river.

I wish my friends would stop dumping on Olie, calling him a kook, hitting him in the coattails with some general with his hand in the till. We have to treat that young man with great care, get somebody to give him immunity, not so much to get him to talk as to get him to relax. If he and his friend the admiral get angry, Northdexter could decide to involve me in that contra thing, which I was not a part of, that I can remember.

And now, when I can least afford it, my own wife is giving me trouble. On the advice of Mike Deaver, who was not exactly a barrel of laughs at Christmas dinner, Nancy's been calling a pal of hers in the media regularly, undercutting Don Regan, the only person I can talk to these days. The White House operator has a list of those calls but I don't want to look at it; that would be spying on your wife.

Pushing Don Regan off the sled would not satisfy the wolves, and it would be admitting a mistake I never made. Come to think of it, Bogie's role in "Casablanca" wasn't right for me.

Well, when the going gets going, the tough get tough, or whatever. I'll start off the year flat on my face in the polls and flat on my back in the hospital, but my exit line hasn't been written yet.

"Televized hearings and investigators' leaks can smear my reputation, the Democrats can gut the Reagan revolution, the Kremlin can turn truth on its head, but I'm hanging in there until SDI is a fact of life.

Let the world go bananas. Space defense is my legacy, and no matter how they all come at me, I'll deliver on that.



By TROG in The Observer (London). CAW Syndicate.

Preoccupation With Change Ignores the Continuo Chords

By Edwin M. Yoder Jr.

WASHINGTON — Tory that I am, I rarely quarrel with custom. But frankly, New Year's resolutions leave me cold. The alleged capacity for sudden reforms, for radically new selves, strikes me as largely mythic. Had I been an early follower of Saint Paul, as I hope I would have been, it would certainly not have been because of his wild yarn about the road to Damascus.

It's the same with the people I know and love best. Reliability, even predictability, are more attractive human qualities than a gift for the mercurial. The enriching continuities — the "mystic

MEANWHILE

chords of memory and affection," as Lincoln beautifully called them: These are the essential stuff of my world.

Were I to make a New Year's resolution, however, it would be to write more of permanent things. Change, alas, is our business. We are journalists, not eternalists — captives of delusions. Our name avows it. All the little incantations designed to mask it — "history shows" or "experience teaches" — only disguise an inability to distinguish, in the swirl of events, between what is for the day and what is for the ages; what is shadow and what is substance.

Those of us who try to analyze passing events on a regular basis ought to leave more room for the unexpected.

According to my newspapers, for instance, China during the past year officially renounced Marxism. How about that? As I write, Chinese students cluster in Shanghai and Beijing, calling for

"democracy" and, perhaps more importantly, for stronger electric current in light their study lamps.

So much for the grim verdicts we tended to make, in journalism and statecraft, not very long ago. The stale phrases of two decades ago — "a billion Chinese armed with nuclear weapons," "blue ants" overrunning Eurasia — coho back only to mock our shortsightedness.

Even in the Evil Empire there are signs of ferment which it is unwise to dismiss as window-dressing. I say it reluctantly, for I never underestimate the Russian genius for secrecy and being cruel to themselves. But the arts seem to be stirring out of the cellars and into theaters. A new film about the Stalin era films, in allegorical terms, the forbidden subject of the Terror.

Andrei Sakharov is freed, and promptly repeats his criticism of the intervention in Afghanistan. The Soviet Embassy in Washington has a sort of television talk shows, adapted in American idiom. Some find him slick, mendacious and menacing; I am more interested in the imagination that put him there to attempt what, so far as I can recall, no Russian regime has previously dared.

Is this the rhetorical classicism of Gorbachev? What does it mean? Can the Russians play at these democratic games without jeopardizing their own closed and secretive system?

Walter Cronkite used to close his CBS Evening News every night with the words, "That's the way it is," adding the date. Uncle Walter was in an authoritative journalist, but the claim is silly. In journalism we never really know the way it is, and it is self-deception to claim it. Maybe we have a certain ability, being specialists at it, for reading the signs and symptoms of the day. But what do we really know of the tidal stresses at work beneath the surface that we glide over in print and broadcast?

"Crisis," "breakthrough" and other journalistic words implying 24-hour upheavals should be banned. We need a new vocabulary. How about "glacial"?

The late Harry Golden, a journalist with an eye for the permanent, once wrote a small essay: "Why I Never Bawl Out a Waitress." Listen, said Harry, if you're fretting about the after-lunch appointment, or waiting for a glass of water, minutes and seconds can seem eternal. But if you think of the problem in galactic terms, in terms of light-years, it makes for patience — the least cultivated of the American virtues.

Yes, come to think of it: If I made New Year's resolutions, one would be to think of the message of the galaxies and glaciers, as well as of the sudden downpours. The despotism of calendar and clock is, after all, in our own imaginations and nowhere else.

Washington Post Writers Group.

How Could Arms Sales to Iran Promote Peace?

From the outset of the ayatollah's revolution, his claims of confronting the United States and Israel have been a subject of ridicule among educated Iranians, who regard the United States and Britain as the chief culprits behind the "whole fiasco in Iran. The ayatollah assembles America and Israel so as to confuse the illiterate majority of Iranians.

Ronald Reagan has given conflicting reasons for delivering arms directly or indirectly to cultivate "moderates" in Iran; to obtain the release of hostages in Lebanon; to help end the Iraq-Iran war. But if sending weapons to a country that would promote peace, the question arises: What do you send a country if you want it to make war on a neighbor?

bringing peace to the Middle East (or Central America). Everyone seems to want the Iraqis and Iranians to kill each other off. No one seems to care that some of the fighting is done by 12-year-olds, least of all Israel.

KARL JOHN KRAUSE, Paris.

There have been suggestions that U.S. arms shipments to Iran — admittedly rather foolish — somehow transferred responsibility for a barbarous war from the warring parties to the Reagan administration. This gift argument may be politically satisfying to some, but it obscures the indifference to their people of two inhumane governments.

JIM ZAMBELLI, Sandbank, Scotland.

We in the Middle East have suffered long enough from two devastating wars: the Iran-Iraq war and the civil war in Lebanon. Both are exhausting the hu-

man and economic resources of the countries involved, while enriching the industries of arms-producing states.

As a superpower, America could achieve a lot if it opened a wider door for unbiased communication. America's voice should be heard favoring peace and dialogue — a dialogue that would gain the confidence of the Arab population instead of alienating it.

Let it be known that the original American image, the original spirit of freedom and peace that the United States stands for, is also the aspiration of the people in the Middle East.

NADA AMAD, Vienna.

With confidence in the justice of U.S. foreign policy at its lowest point in history, would not this be the moment for America finally to become a mediator between Israel and the Moslem world?

If the United States had followed a constructive, impartial foreign policy in the Middle East from the beginning, Americans would not be hiding from

terrorists, they would not be afraid to travel and work in the Middle East today and there might even be peace in that potentially productive region.

JOHN F. MASON, Barcelona.

Secretary of State George Shultz and Defense Secretary Caspar Weinberger peddling diplomatic and military policies structured to isolate terrorist-sponsoring Iran, knowing that they were fronting for (while opposed to) White House charades camouflaging National Security Council agents who were acting under presidential orders to sell arms to Iran. Neither Mr. Shultz nor Mr. Weinberger chose to confront the president and resign before discovery of the scam.

Kurt Waldheim is caught in the web of past relationships to wartime atrocities by Nazi officials (not comparable in any way to the Iran fiasco) and is practically persona non grata worldwide. He is judged guilty of having failed to protest against Hitler, no less. Rather different risk-taking than for two tough civilians

to stonewall genial Ronald Reagan. Had Secretaries Shultz and Weinberger faced Mr. Reagan at the start of his furtive misadventures, they might have swung the White House pilot back into the mainstream of American ideals, as he preaches them so often to others. If not, they had only their jobs to lose.

DAVID DOUGLAS DUNCAN, New York.

Would there be such an uproar if the profits from the arms deals were being diverted to a really needy cause — Ethiopia, for instance? I hope the diversion will not blur the basic question: Why was Washington trading with Iran?

PATRICK BELDING, Madrid.

Is there anything new about the superpowers funding opposite sides in a war, or changing sides during that war, or supplying each side simultaneously through intermediaries? As the various powers research and build more sophisticated weapons, the question of what to

do with obsolete stockpiles arises. There is nothing new in "Iranagate."

It has become a full-blown scandal because me-now Reaganism ended with the Democratic Party's strong showing in the November elections. It has become imperative for the Republicans to stand off from the administration so as to avoid losing the White House.

Economic issues will decide the presidency in 1988, not arms sale scandals. The Republicans have given the Democrats new life, but it is the deficit and not the Iran-contras furor, that has the American people worried.

BROOKE MAKLER, Paris.

For months we were led to believe that it was the negotiating skills of Terry White, representing the archbishop of Canterbury, that brought the release of hostages. Now we wonder whether Mr. White was a genuine negotiator or just a front man for the Americans.

EMIL TROTMAN, Brussels.

LETTERS TO THE EDITOR

ARTS / LEISURE

The New Age Of Mind Music

By Mike Zwercin

PARIS — In a recent article on New Age music, Billboard magazine described it as "eclectic, non-frenetic, contemporary instrumental fare which is selling in significant and ever-growing quantities." Detractors call it "baby-boom anesthetic" and "music for the quiche and Volvo set."

Hypnotic, an escape from all that bad news, New Age music searches for interest in boredom, for humanity in facelessness, for good ecology. Being non-vocal, there are no language barriers. It fuses African percussion, Caribbean steel drums, folk and baroque music, minimalism, and acoustic and electronic elements. With traces back to Satie, Debussy and Gustav Holst, New Age took contemporary form in the '60s, along with the "raga" and alternate lifestyles involving macrobiotics, marijuana, and meditation.

The clarinetist Tony Scott's 1964 "Music For Zen Meditation" has been called the first New Age album, followed by Paul Horn's "Inside the Taj Mahal" and Oregon's "Music of Another Era." Keith Jarrett's "Kola Concert" was an early inspiration for the successful New Age pianist George Winston. Tangerine Dream, Brian Eno, Jean-Michel Jarre and Vangelis layered electronics on top of a philosophical bass provided by the minimalist Terry Riley, La Monte Young, Philip Glass and Steve Reich.

Lumping so many diverse musicians under one style is bound to be misleading. Most of them object to being called "New Age," the way most jazz musicians in the '40s and

'50s objected to being called beboppers. As Duke Ellington said, there's only good and bad music. From a marketing point of view, however, they do have something in common. New Age names make records with long shelf lives. Although most are not on the charts, they frequently total six-figure sales over five years.

The record label most closely associated with the style is the 10-year-old Windham Hill Records, which estimates a \$30 million gross in 1986. But its founder and chief executive officer Will Ackerman told Cash Box Magazine: "Anybody that harkens back to the beginnings of this company knows that we didn't get into this because we thought we were going to make a quick buck — the music was and is genuinely heartfelt."

A Windham Hill artist, the keyboardist and trumpeter Mark Isham, says that New Age music involves "none of the compositional techniques of Western music. It has nothing to do with virtuosity, swing or improvisational interaction. This music has other ends in mind — spiritual ends, or even medical ends."

One of the best known New Age names is a harpist. Andreas Vollenweider's "Down to the Moon" has been a best seller for 21 weeks. His previous albums have been chart mainstays throughout most of the '80s. Vollenweider, who is Swiss, says: "I try and create a kind of invisible theater, a mind movie. I try and make a carpet on which listeners can fly away. I would like to be the starter of a creative process so that listeners can make up their own stories." While working

as a musical therapist, Vollenweider used hypnosis and now he says he investigates "the bridge between the conscious and the unconscious."

This is dangerously close to making music for unconscious people. New Age rests on the premise of choice of two levels — the music is interesting enough to listen to yet modest enough to stay in the background. Much of it fits only the second level. New Age music is generally more interesting to read about than listen to.

This "quiet fusion" is making a lot of noise in the bank. Audio retailers estimate it to be between 3 and 5 percent of sales. Major labels and newly formed independent record companies are moving quickly to take advantage of an expanding market. "New Age" will be a new category in the next Grammy awards. A poll by Windham Hill indicates that its audience includes both students from 18 to 25 and

"young urban professionals" from 25 to 40. Windham Hill's Ackerman, 36, resembles a grown-up beach boy, with golden hair, tan skin and misleadingly sleepy eyes. He wears jeans to the office and drives a Mercedes because "anything else would confuse people I do business with." He describes his customers as "people who are very much like my own friends — college-educated, discerning people who contribute culturally, professionally and financially to society. But the dictates of the major media leave them cold."

"They find TV fare and advertising in general tasteless. So they are mainstream but at the same time form a kind of counter-culture within it. They are disenfranchised. This is very much a logical offshoot of the idealism of the '60s, but they just cannot accept the music that's being fed the public lock, stock and barrel."

Need for a Classic Background

By Robert Cushman

LONDON — The year ended in the London theater with the announcement of blighted hopes for 1987. The Arts Council, dispensing largesse for the coming year, awarded both the National Theatre and the Royal Shakespeare Company standstill grants. Inflation, of course, is not standing still, so the resources of both companies have in effect been cut.

The RSC's official response was philosophical: It was disappointed, but appreciated that the Arts Council had its financial problems. The National was a lot firmer, a lot more bitter. If, said Peter Hall, the Arts Council had not been so subservient to the government in previous years it would not be in such a mess now. He also declared that the Arts Council's implicit blackmail of the government — "If you don't give us more money a major company will have to close and you'll look very silly" — was quite ineffective; if Britain lost a major theater, the government wouldn't mind a bit.

He is probably right. Theaters are regarded in official circles as troublesome things, always likely to cancel out a respectable Shakespeare production with something new and vaguely unpatriotic: "The Romans in Britain," say, or "Frasca." Why, the backbenches mumble, should we pay people to criticize us? It is of course the mark of a healthy society that it is ready to do just that, but those in power will never believe it; witness the constant run-ins of governments of all complexions with the BBC.

As it happens, the National's past year has been, in these terms, remarkably uncontroversial. The nearest it got to political drama was "The Petition," Brian Clark's anti-nuclear two-hander. On its own theatrical terms it wasn't bad, but those terms were cozy and old-fashioned. And if the play was thought to be such an adornment to the South Bank repertoire, why wasn't it allowed to adorn it a bit

longer? In fact, it went, with its two visiting stars Rosemary Harris and John Mills, straight into the West End, where it rather quickly died, a commercial hook-up that failed to be commercial.

It was a lightweight National year in other ways. The repertoire was filled with old English farces

THE LONDON STAGE

("The Magistrate," "Tons of Money"), old American comedies ("Jacobowsky and the Colonel" and "Three Men on a Horse"), and with a new American comedy ("Brighton Beach Memoirs").

Now this practice of raiding ancient bondweaves has a respectable lineage. In its first season, 23 years ago, the National successfully revived "Holston's Choice." The following year it brought Noël Coward back into critical and popular favor by reviving "Hay Fever," thereby starting a vogue. After that there were forays into Victorian romance ("Trelawney of the Wells"), French farce ("A Flea in Her Ear") and vintage Broadway melodrama ("The Front Page").

These productions were spread over a 10-year period; they were holidays for actors and audiences otherwise involved with Chichester and Coventry. They proved that popular playwrights could hold their heads up in respectable company, and they gave everybody a good time. But the context was everything. This last year the context has been jettisoned. There is no recognizable National Theatre company — there hasn't been for years — so we don't have the sense of actors extending themselves or just plain letting their hair down. And there is no classic repertoire to act as a backdrop. Until the advent of "King Lear" at the end of the year there was no British classic playing at the National. There was no major foreign work either.

This isn't a question of some ab-

stract allegiance to great world drama, even of a subsidized organization's responsibility to the taxpayer. It is the far more fundamental question of a theater's — any theater's — obligation to its audience. There is nothing wrong with reviving popular favorites — the best thing to happen in London this year was a West End revival of J.B. Priestley's old chestnut "When We Are Married."

But at the National these fun plays were not, for the most part, fun. They seemed dwarfed by their surroundings. This is a constant problem for the National, how to find plays spiritually or physically big enough to fill the vast spaces of the Olivier and the Lyttelton.

It is even worse for the RSC, working in London in the yawning cavern of the Barbican. Where do they go after Shakespeare? It was an acute problem this year since they had only four Shakespeares to bring down from the previous year at Stratford, none of them earth-shakers, and then had to vamp till ready. They tried political-historical epics, and even Feydeau farce. None of it worked. Then, most bizarrely, they resurrected John Whiting's "A Penny for a Song," and it filled the stage effortlessly. You never can tell.

Well, no: in one important respect, you can. "A Penny for a Song" was a play with which actors and directors were transparently in love; and that love carried. It is what has often been missing from the work of both companies, committed to turning out products to fill the schedules.

It could be found at Stratford where the RSC opened its new Swan Theatre, dedicated to Shakespeare's contemporaries and imaginatively modeled on their playhouses. It proved to be a welcoming, involving space and one scaped the actors' pleasure in digging into unfamiliar texts in intimate surroundings. Of four inaugural shows all were enjoyable and two, "Every Man in His Humour" and "The Fair Maid of the West," were major, both models of relaxed inventiveness.

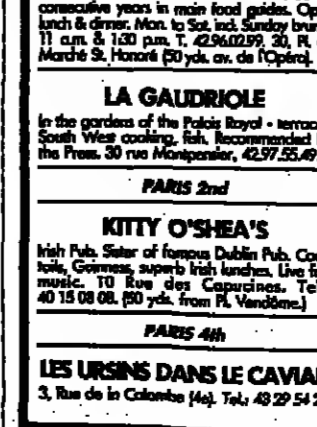
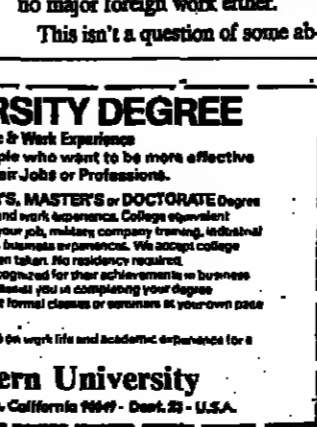
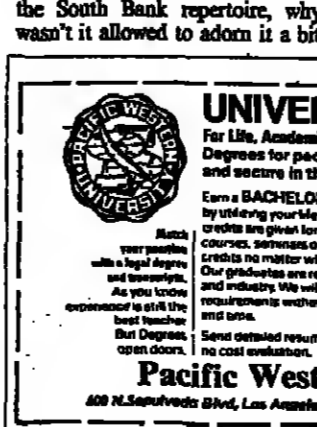
Pleasure was given and taken, too, at the Royal Court, where Alan Bennett's "Kafka's Dick" afforded a lukewarm reception by the critics, was actually the play of the year, a hilarious and many-tentacled portrait of an artist and his public that rivaled Tom Stoppard at his best.

It abounded on the outskirts of London at the Lyric Theatre, Hammermith, where two obstreperous 20th-century classics — "The House of Bernarda Alba" and "The Infernal Machine" — were brought pulsatingly to life by committed directors out of the usual run: Nuria Espert, female and foreign, and Simon Callow, actor. They involved star actresses — Glenda Jackson, Joan Plowright, Maggie Smith — working, presumably, for peanuts.

It is tempting to say that this is the kind of work the National and RSC should be doing. Actually it is the kind of work they should be surpassing.

Robert Cushman is a London-based theater critic and broadcaster.

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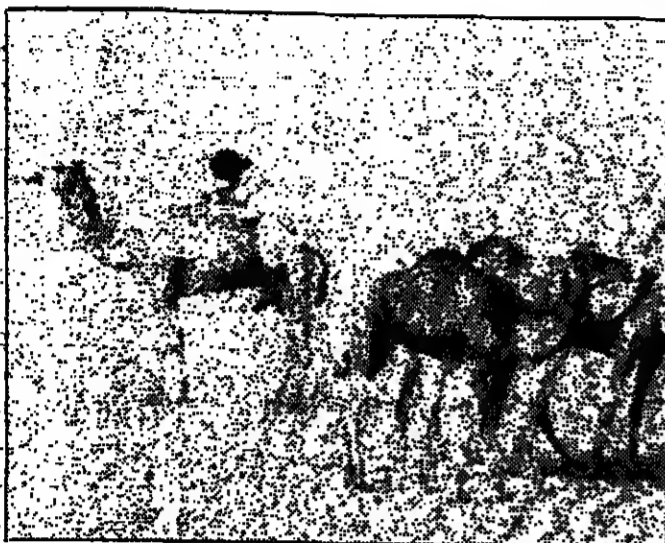
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MAURITANIA

THE OUTLOOK FOR 1987



The shifting dunes of the Sahara come right up to the Atlantic Ocean in Mauritania. Except for a narrow green strip on the country's southern border along the Senegal River, the landscape is stark—mysterious and fascinating for those accustomed to a European environment. Scarcely anything interrupts the bichromatic pattern of blue sky above and beige sand below.

Nouakchott, the nation's capital, rises from the relentlessly flat desert plain just a couple of miles inland from a point near the middle of Mauritania's 550-kilometer Atlantic coastline. "La capitale du sable" ("the sand capital"), some residents dub the well-laid-out city, unkindly stating the obvious. The real name of the city means "she-camel of the desert"; it is a far more appropriate analogy.

Perhaps as many as one in three Mauritians live in Nouakchott, many in tents or makeshift housing on the outskirts. They arrived when one or another of the country's frequent and prolonged droughts made their nomadic Sahelian livelihoods no longer possible. The government has tried to encourage a return to the land

since rain began to fall in 1985, but for many, a wandering, pastoral lifestyle will not be resumed.

Housing is being built in areas like Bouboula and Toujoni, but not enough resources are available to meet the need, nor can the economy create enough jobs to sustain the city's half-million urban-dwellers.

Surface water, not at all surprisingly, is virtually non-existent. What is surprising is that plenty of water lies underneath the city, and well water is available. Water vendors come to fill-up points with donkey carts on which they have mounted 200-liter metal drums, fill the tanks and head off for the peripheral residential areas to sell the scarce commodity for 150 puguia (U.S.\$2) per 200-liter barrel.

Some small shrubs grow here and there, providing at least meager grazing for an amazingly numerous complement of goats. The only trees are those planted in neat rows around certain important buildings and nurtured carefully.

Firewood is virtually unavailable; 80 percent of the city's people cook with char-

coal. The official price of firewood doubled in October from UM15 to UM30 (40 cents) per kilogram, although the price is "not fixed," a local resident sighed.

Yes, tents and camels can be found in Nouakchott. But most people replace tents with more permanent, if still makeshift, structures when they can, and camels rank a poor third in the transport sector to motor vehicles and donkeys. The motor vehicles, including Mercedes Benz buses and mostly Peugeot and Renault cars, outnumber the donkeys in the city center; in the suburbs, it's the other way around.

The national dress, at least for the masculine half of the population, is the *boubou*. It is accepted and worn everywhere—well, almost everywhere. On solemn military occasions like the raising of the flag on Restructuration Day (Dec. 12), *boubous* were deemed not sufficiently in keeping with the disciplined formality the moment called for.

Mauritanian *boubous* are made from several meters of cloth each, always in solid white or solid blue. The cotton cloth, all imported, is often

woven with patriotic patterns of the star and crescent which adorn the national flag. The long, flowing garments are embroidered in beige thread across the chest, on the diagonal chest pocket and about the neck. Dozens of tailors can be seen embroidering *boubous* on sewing machines mounted on tables in the *grand marché* of Nouakchott, some using ornate vintage Berninas and others newer models reflecting a more recent diversity of import sourcing.

In offices, Mauritians seem to be continually hauling the voluminous garments up over their shoulders out of the way, only to have them fall down again. It's when the wind whips up that the *boubou's* real practicality becomes apparent. Sometimes the wind fills the air with sand and the sky with a rust-colored haze. On those days, *boubous* can be wrapped around the hair, nose and mouth to act as a filter.

Mauritania is dry in the potatory as well as the climatic sense. The country has no brewery, and the sale of alcohol is strictly forbidden. Foreigners can find a fair variety of the usual imported intoxicants in a

few hotels. But it is tea which quenches the Mauritanian thirst.

Made hot, strong, sweet and flavored with mint, the national drink is poured out of metal teapots from high above into small glasses. Mauritians usually drink their tea straight down in one go; another trayful will be coming round in 20 minutes or so.

Mauritania—land of the Maures (Moors)—is the westernmost of the string of countries straddling the Sahara, where North Africa meets sub-Saharan Africa. Shakespeare's Othello was styled a Moor, although the Bard's brooding hero seems understandably far removed from any living Moor. It was nearly 500 years ago that the Moor's rule over Spain ended, with the fall in 1492 of their last stronghold, Granada. In

the middle of a roundabout on the outskirts of Nouakchott, a simple monument linking the Mauritanian and Spanish flags stands as a lone, silent reminder of a historic link half a millennium ago—and of present-day economic cooperation. Spain is one of only three EEC countries to have an embassy in Nouakchott; the other two are France and West Germany.

Moors speak a Hassaniyah dialect of Arabic. Nouakchott's population also includes sizeable numbers of Wolof, Soininke, Toucouleur and Peulh, who come from the southern part of the country. Southern women, often wearing their bright, multicolored clothing with matching head scarves, but sometimes dressed in the latest fashions and hairstyles from Abidjan or Dakar, hold most of the clerical posts.

Moorish women, well-wrapped-up in the soft gauze of their *woles* (veils), also work, but far more seldom.

When President Taya hosted a dinner under several tents in the walled garden of the Presidential Palace on December 12, guests sat on hassocks around low tables dining on couscous and whole roast lamb. With few exceptions, men and women sat at separate tables.

The country's links to the other countries of the Arab League were apparent. But when the entertainers began to perform, Mauritania's links to the other countries of West Africa came through loud and clear. A single group, whose three women singers wore Moorish styles, switched easily back and forth from an evocative Arabic lilt to a lively rhythmic number reminiscent of the Lingala sound

that summons young Africans onto dance floors from Mombasa to Mbabane to Monrovia.

It is religion which constitutes a common bond throughout the nation in the Islamic Republic of Mauritania. Last week in Nouakchott, two young Mauritians provided a five-minute summary of the virtues of their religion. "Islam gives me everything I need," said one, slightly puzzled that this single statement had not instantly won a new convert. He was speaking on a personal basis; it had not been his intention to enunciate a national philosophy, but he may well have done so after all.

—Linda Van Buren

Linda Van Buren is the editor of "African Business" magazine

The President's Speech: Economic Upswing to Continue

"A year of work for our people, of good rainfall for our country and of intense governmental activity"—that is how Colonel Maouya Ould Sid'Ahmed Taya, President of Mauritania, described the period between Dec. 12, 1985 and Dec. 12, 1986—his second year in office.

Speaking in French at the Salle de Conférence de l'Avenue de l'Indépendance in Nouakchott on Restructuration Day (Dec. 12), he laid the overwhelming emphasis of his speech on economic matters.

The country's medium-term Programme for Economic and Financial Redress, he reminded the nation, has these three main objectives:

- to maintain real annual growth of four percent during the 1985-88 period;
- to balance the budget from 1986 onwards; and
- to reduce the deficit on the current account of the balance of payments from 26 percent of gross domestic product (GDP) in 1984 to less than 10 percent in 1988.

In meeting these objectives, Mauritania has continued to improve its performance. From 2.5 percent negative growth in 1984, the economy returned to positive growth in 1985, challenging up a 3.1 percent rate, and the target of four percent was reached in 1986, thanks to increased agricultural production and an upturn in investments.

The balance of payments for the period of Jan. 1 to Sept. 30, 1986 registered a deficit of UM692 million, as against a shortfall of UM1,371 million for the same nine-month period in 1985. The deficit has, then, been virtually halved.

The President pointed to a number of reform measures



Colonel Maouya Ould Sid'Ahmed Taya.

which have already been carried out: an increase in cereal (producer) prices, a greater liberalization of many prices, a rehabilitation of public enterprises, and a rigorous rationalization of the public-sector investment program.

He cited the example of Sodelec, the loss-making national water and electricity supply company which is undergoing a rehabilitation with co-financing by the World Bank, France's Caisse Centrale de Coopération Economique (CCCE) and the Fonds d'Aide et de Coopération (FAC), and European investment and development banks.

Other studies should begin soon on further rehabilitation of the Nouakchott public-transport company STPN, the fuel-distribution firm SMCPP, the development organization Socogim, and the pharmaceuticals and cosmetics group Pharmarim.

Fishing, the President acknowledged, has become the economy's real growth sector.

Mauritania's fishing fleet now comprises 127 vessels for deep-water fishing, of which 90 are equipped with freezing chambers, and another 30 boats operated by joint ventures compete for the pelagic catch. Fishing agreements with "friendly countries" permit 41 vessels to fish for specific catches like tuna, cod, lobster and shrimp. Improvements in the surveillance system have enabled Mauritania to police its own waters better. A reform of the fishing code is now in progress.

New developments in the fishing sector during 1986 have included:

- A canning and distribution network, with Danish financing, which will help expand the availability of fish caught by Mauritania's artisan fishermen over a wider area of the country.
- A system of "maritime credit" which will help artisan fishermen to finance their own development activities; and

- Two new fishing companies, which have been created with Tunisia and Abu Dhabi.

Fishing is now the most important single sector of the economy in terms of earnings.

In mining, the second-biggest sector in revenue earned, emphasis has been on increasing the efficiency of the umbrella mining joint-venture company SNIM, of which the Mauritanian government owns 70.39 percent, and on creating conditions that would encourage the exploitation of the country's other mineral resources. In the first nine months of 1986, SNIM was able to reduce its cost of production per ton of iron ore by five percent and its global expenses by 12 percent. Iron-ore sales in the same nine months reached a volume of 6.55 million metric tons and a value of UM7,988.88 million.

In agriculture, the sector gave priority to development spending. Now under cultivation are 244,000 hectares, of which 96,000 are irrigated. Early estimates of cereal output in 1986/87, made in conjunction with the CILSS (Comité Permanent Inter-Etats de Lutte Contre la Sécheresse dans le Sahel) and the FAO (Food and Agriculture Organisation), are on the order of 95,000 metric tons, the President indicated.

This level, 58 percent above the previous season, represents 32 percent of the target set in the Programme for Economic and Financial Redress. The record harvest results from better availability to producers, in terms of both quantity and quality, of seeds, fertilizers, fuel and other agricultural necessities. (Continued on Page 11)



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A government agency for
economic and social development
set up to assist workers.



Mr. Kane N'Diawar,
Director General, C.N.S.S.

Law 67 039 of 3rd February 1967 entrusted the National Treasury for Social Security (CNSS) with the task of distributing and paying benefits and allowances to workers and their families within the framework of the Mauritanian social security system.

The following are covered by our social security system:

- Workers subject to the Labour Code or to the Merchant Navy Code;
- Civil Servants
- Students in training colleges
- Trainees and probationers
- Apprentices

At the present time the CNSS manages the following three social security sectors:

- Family benefits and allowances
- Pensions
- Professional risks.

The CNSS also manages a health and social action fund, which complements the functions mentioned above, and intends to set up regional offices in order to improve the services it provides to its clientele.

Travel: Difficult, yet Infinitely Rewarding

Mauritania, certainly one of the world's last exotic locales, is a challenging destination for the hardy and intrepid adventurer. Little infrastructure and few amenities make tourist travel difficult and time-consuming. However, for those with a sense of adventure, taking a trek in a four-wheel-drive vehicle to Chinguetti or traveling along unmarked paths to Qualata can weave the same spell of romance as did epic voyages of the past.

Few roads lead to Nouakchott, the capital of Mauritania. Most tourists either fly there or drive north from Senegal. There are few car-rental facilities so most tourists who intend inland travel drive their own vehicles, preferably hardy four-wheel-drive models. Nouakchott, capital since Mauritania's independence from French West Africa, roughly 25 years ago, offers little of interest to the tourist. The town, built for only 25,000, now supports close to one-half million, most in crude villages surrounding most of the capital.

The coastline, only three kilometers from Nouakchott, is yet unspoiled and undeveloped. It serves as a refreshing getaway spot from the heat and congestion of the city. Anyone with a four-wheel drive can cruise for miles north or south along the beach when the tide is down and pitch a camp before the sun sets.

For those who wish to explore inland and see a way of life essentially untouched by the modern world, Mauritania has three distinct geographic regions, each attractive in its own right. The river zone in the south follows the Senegal River, a natural border. This narrow belt is currently the sole center of the country's agriculture. From there north to Nouakchott extends the Sahelian zone with Savannannah grasslands, once rich and wet enough to support the large herds of camel, goat and sheep



Mauritania is a challenging destination for the hardy and intrepid adventurer.

which sustained the nomadic way of life.

The Saharan zone, occupying the upper two-thirds of Mauritania, is characterized by shifting dunes, rock outcroppings and rugged mountain plateaus with elevations of more than 1,500 feet. Scant rainfall permits very little vegetation, although date palms are cultivated around the larger oases. This is the most barren and least traveled region of Mauritania, its landscape alternating between vast sand dunes and the rocky, flat surfaces of a lunar view.

A few sites inland attract the well-provisioned tourist. Chinguetti, the seventh holy city of Islam, is about a two-day drive northeast from Nouakchott. On the way there, one can veer off for an hour's drive to visit the oasis of Terfit, a slender belt of palm trees which ascends a deep and narrow cleft

between two steep cliffs. Outside the shady grove is the heat and dust of the Sabel, but move a few feet inside and the atmosphere is moist and cool. At the base of the oasis is a small village whose appearance differs little from a Neolithic settlement.

Chinguetti itself is a small town with a famous Islamic past. Some of its houses and its mosque date to the 13th century. Although its glory is long since faded, its library of Islamic illuminated manuscripts attests to the area's importance as a center of Islamic learning. The local marabout will open the small room with metal-framed cabinets housing hundreds of these manuscripts dating from the 16th century. Under careful supervision the tourist may even handle them and marvel at the bold colors to the illuminations, still brilliant today thanks to the dry climate.

The 13th-century mosque, with its minaret of dried brick and timbered supports, is typical of this period and its counterparts can be found in Timbuktoo.

For about U.S.\$30, one can hire a guide to the oasis town of Quadane. He will know not only the unmarked paths between the dunes, but also the mine fields left behind from Mauritania's involvement in Saharan war during the late 1970s. Quadane's mud-brick houses and narrow, winding streets lie atop a rocky crag. On one side is the old deserted town, reminiscent of an ancient city with crumbling walls and empty streets. At its foot are the irrigated fields which support agriculture as well as the traditional goat and sheep herding.

Other sites include the ancient sites of Tichit and Rachid, both difficult to reach, even with a guide, but well

worth the effort. Qualata in the far southeast corner near the Malian border was another famous religious center and is primarily known for its unique style of decorative houses and courtyards. Unfortunately, as in many areas of Mauritania, its wells are drying up, forcing many to seek refuge in the larger cities to the west. Nouadhibou is the fishing and industrial capital of Mauritania and is best reached by air from Nouakchott. Just south of Nouadhibou is a fishing camp. In fact, the Mauritanian coastline boasts one of the world's richest fisheries. For the avid fisherman, beach fishing alone will provide an excellent catch.

Atar, about one day's drive from Nouakchott, was one of the capitals of the Almoravid kingdom and a caravan base for the trans-Saharan salt trade.

Tourist facilities are virtually nonexistent. A few hotels operate in Nouakchott, such as the Chinguetti, the El Sabab, the Park, the El Aman, and the newly opened Novotel. Inland, the tourist must be self-sufficient in drinking water, fuel and camping supplies. In the villages, however, Bedouin hospitality may provide some comforts for the weary traveler.

There are few paved roads, so driving is often rough and slow, and can be dangerous. Intense heat through most of the year necessitates carrying enough liquids to prevent rapid dehydration. The most pleasant months for any extended travel are November through April, although even then the sandstorms can be a problem.

If travel is difficult and the amenities few, the determined traveler will be well rewarded for his efforts by a first-hand glimpse of a way of life so untouched and remote. To the western eye, scenes such as a nomadic encampment or a herd of camels belong more properly in fiction, or on Hollywood sound stages.

—Derwood Staeben

Derwood Staeben is the U.S. Ambassador to Mauritania.

Mauritania: Strong Roots, Rich Culture

Mauritania sits geographically, culturally and, to a lesser extent, politically on the divide between the nomadic, Arabic-speaking region of the North and the more sedentary, agricultural black Africans of the South. This position made the country the crossroads for much of the trans-Saharan trade in slaves, salt and gold. As such, it reflects a large degree of ethnic diversity from the interplay of these two cultures over the centuries.

Islam reached Mauritania by the southward migration of the Senhadja Berber confederation of tribes in the seventh century. By the 11th century, indigenous black African peoples who originally inhabited the area had been driven south to the Senegal river or enslaved by the nomadic Senhadja. Around 1040, southern Mauritania was overrun by a group of Islamic warrior monks (the Almoravids) who, during the rest of the century, enlarged their empire to extend into recent day Mauritania, Morocco, and much of southern Spain.

With the eclipse of the Almoravid empire, the Arabs began to dominate Mauritania despite the fierce resistance of the Berbers. Several groups of Yemeni bedouin Arabs turned south into Mauritania. They disrupted the trans-Saharan caravan trade and caused the routes to shift to the east, which in time led to the decline of Mauritania's trading towns. By the end of the 17th century one particular group, the Beni Hassan, dominated much of what is now Mauritania. The last effort by the native Berbers to oust the Arab invaders was the unsuccessful Mauritania 30-years war, from 1644-1674.

The social structure established as a result has been maintained essentially intact to the present day. The descendants of the Beni Hassan warriors became the upper stratum of the



Fishing products ready for export at Nouadhibou.

Maur language of the country. Many of the Berber groups, however, remained their social equals, even while they became political vassals. They turned to clericalism and produced most of the region's marabouts: the men who still serve as the repositories and teachers of Islamic tradition.

In addition to the predominant group of white/black Maurs, Mauritania today is comprised of three African groups: the Toucouleur-Peul, Wolof and Soninke. Each has its own tribal language al-

though French is the official language and Hassaniya Arabic the national.

Mauritania has been a recognized political entity with defined borders only since independence in 1960. From the early years of the present century until 1960 it was part of the larger region known as French West Africa. Prior to that time, portions of present-day Mauritania were included in political systems based in Northwest Africa and in the Niger basin. With the coming of the (Continued on Page 12)

MINISTERE DE LA PECHE ET DE L'ECONOMIE MARITIME

(The Ministry of Fisheries and Maritime Economy)

The development of the Fisheries Sector in Mauritania actually took off with the new policy on fisheries. That policy stipulated that the entire catch should be off-loaded at Nouadhibou. This inspired the provision of fishing tackle on a national scale and the setting-up of the Mauritanian Fisheries Marketing Board (MFMB). These are the three constituent elements of this new policy whose major objective is to ensure that the fishing sector wins through. Mauritania has very large resources of fish and, bearing in mind the periodic recurrence of drought, the world crisis and the war Mauritania had to put up with until 1978, these resources are vital for its development.

Indeed, the fishing policy has given a good account of itself since 1979 and has established its viability. There is of course still a great deal to be done to carry the policy to completion. For instance, there is the need to create the right environment, establish on the ground certain industries which will provide facilities for freezing the catch and exporting it in its frozen form, and stocking it as long as the market is favourable. There is every need to ensure that the problem of training of fishermen is tackled. Actually, the fishermen of Mauritania were denizens of a nomadic world. They now have to adapt to a new seafaring life and master the secrets of using novel equipment from abroad. Within this context, there is also the problem of developing the resources in fish, which must be tackled at a level which is tolerable. This is an imperative need which must be met if any premature depletion of fish stocks is to be avoided. Indeed, the fish population needs to be protected and shielded from predators who lie outside the country's ambit. This means constant supervision of Mauritania's coastline. Mauritania is bringing all its influence to bear on carrying through a number of projects designed to promote the rapid development of fishing. They relate to the following areas:

1. Naval repairs. As a matter of fact, Mauritania has a sizeable fleet and its Number One priority is to establish repair shipyards.
2. Infrastructure: developing the "Baie de repos" and Nouakchott harbour.
3. Industrialisation. Mauritania is striving hard to upgrade the fish caught, to ensure that it is exported either sliced or filleted. Hence the search for external partners interested in setting-up industries for fish processing at Nouadhibou.

It is clear that a new fisheries policy is being established, a policy which will be better structured than its 1979 prototype, and will be a substantial improvement on its predecessor. So far as it learns from the mistakes of the past. In point of fact, a sectoral study has been undertaken and financed by the Kuwaiti Fund, the World Bank, the French Economic Cooperation Fund, with supervisory staff supplied by FAO, working under the direction of a British Study Bureau known as the Crown Agency. In the light of the findings of that study, the broad lines and essential directions in which the new fisheries policy will operate, will be laid down. Mauritania intends to forge links with its partners, based on mutual respect and seriousness of purpose.

For further information please contact the Ministry of Fisheries and Maritime Economy:

Le Ministère de la Pêche et de l'Economie Maritime
B.P. 137, Nouakchott
Tel.: 52476 Telex: 595 MTN.

الشركة الموريتانية لتسويق الاسماك

S.M.C.P.



SOCIETE MAURITANIEENNE POUR LE COMMERCIALISATION DU POISSON
The Mauritanian Fish Marketing Board



Cheikh El Alfa Ould Mouhamed Khouna, Director General, S.M.C.P.

The Mauritanian Fish Marketing Board has had encouraging results compared with the position prior to its establishment. Indeed, the year 1985 records a turnover of \$105 million for exports totalling 60,000 tons, a figure out of all proportion to the statistics of previous years.

SMCP's importance is felt at three levels: first, as regards payments balances, secondly from the standpoint of actual physical infrastructure, and also as it is reflected in the Public Revenue in income from duties charged.

The 1985 catch exceeded all expectations: 220 million as against economic and financial projections of approximately 250 million. This substantial improvement was maintained in 1986, and in the first six months of that year a steady increase of 70% was registered compared with the position in 1985. This gives cause for optimism, since the actual turnover also showed an upswing of 70%. During the first six months of 1986 production rose by 10%, as a result of a 25% increase in the fishing fleet. The

increase was due in the main to a price rise on the international market, since output from the leading competitors - Spain and Morocco - was fairly low, which meant that demand outstripped supply.

SMCP enjoys good relations of trust and comradeship on the foreign market. It has three large outlets, the largest being Japan, which absorbs 48% of the tonnage. Quite a few contracts were signed with Japanese firms, thus guaranteeing the sale of a substantial percentage of SMCP's output. The second market is the European market comprising Italy, Spain and Greece. It is a stable market with remunerative prices representing 25% of the tonnage.

The only fly in the ointment, so to speak, as regards SMCP's marketing policy is the African Market, which has failed to absorb the scheduled tonnage estimated at exactly the same figure as the tonnage for Europe. The problem is due to the purchasing power of the African countries and, especially, to shortage of transport, which is a definite constraint. Such a situation compels African States to buy in small quantities, which hardly justifies chartering a cargo-transport. Add to this the fact that there are no regular lines of communication between Mauritania and Africa, and you have a major handicap. However, an attempt is being made to get round these difficulties by entering into stable contracts with serious-minded customers of substance who will become regular purchasers. In due course the problem will be solved.

Despite Road

MAUSOV-

Societe Mauritanienne pour le Commercialisation du Poisson

ADVERTISING SECTION

ADVERTISING SECTION

Despite Roadblocks, Transportation Pushes Forward

For centuries, the principal means of transport in the area was the camel. The beast of the desert, which was known in Egypt from the age of the Pharaohs, and subsequently in other regions of northern Africa, probably arrived in the Western Sahara desert in the 2nd or 3rd centuries A.D. Historians agree that camel transport revolutionized the way of life of the Saharawi nomads, who were the original inhabitants of the region (the Saharawis are among the ancestors of the present-day Moors).

Up to the beginning of the 20th century the camel continued to reign supreme, although the horse, with its greater military uses, came to occupy second place. The original transportation links across the Sahara, many of which are still clearly defined, were all camel routes. It was only with colonization, after 1900, that other forms of transport came to the new territory of Mauritania. The existence of the desert, and its impenetrability, as well as the fact that the territory was lightly ruled from St. Louis in Senegal until shortly before independence, meant that modern means of transport — such as road vehicles and aircraft — came late. Apart from the small towns along the Senegal River on the southern frontier, the only urban center was Port Etienne, a mixed-cargo port with a famous oil airport associated with Jean Mermeoz and Saint-Esprit.

Tarred roads mainly exist in the far south part of the country: of a total 9,000-km network of mainly low-quality roads, less than 2,500 km are asphalted. Some of these are subject to serious problems of sanding over, notably the section of the Trans-Mauritanian highway, sometimes called the "Highway of Hope," which covers 1,100 km from Nouakchott to Nema in the southeast of the country, via Kiffa and Aioun el Atrous. Mauritania's other

most celebrated road (in the old days it was known as the French Imperial Route No. 1) is not asphalted. It goes north into Algeria, along the edge of the frontier of the Western Sahara, along one of the old salt caravan routes to the north. The key arterial road from Nouakchott to Rosso will eventually form part of the ECOWAS coastal highway that will link Nouakchott to

road direct to El Rhein, for the movement of shift-workers resident in Zouerate.

The railway from Nouadhibou to the mining area is single-track (although there are facilities for trains to pass each other), and because of the risk of sanding over there is a maintenance team constantly on standby. Sand also imposes heavy wear and tear on rolling stock. There are normally two

than 11 million tons in 1974. Following fluctuations due to world recession, which hit the iron ore market in the late '70s and early '80s (in some years it was down to six or seven million tons) in 1985 ten million tons were exported from Nouadhibou.

Activity at the fishing port (the PAN — the Port Autonome de Nouadhibou by Nouadhibou town) has been in



Although there are many technological advances in the transportation sector, the camel is still a widely used means of transport in Mauritania.

Lagos via all the coastal ports.

Mauritania's only railway was acquired after independence, and was built to service directly the exploitation of the Kedia iron ore deposits in the north of the country. Opened with the mines in 1963, the railway originally ran from Port Etienne (now Nouadhibou) on the coast for 650 km to the specially created mining town of Zouerate. Twenty years later a 40-km spur was constructed from F'Dekik (formerly Port Goussard) to the new El Rhein industrial area to enable the new Guelbs mining operation to start functioning; it was officially inaugurated in 1984. Zouerate is also connected by

or three trains a day (total train capacity is 10,000 tons of ore), which travel down loaded and return empty, although carrying produce equipment and passengers. Water is also delivered to people living alongside the track and also, absolutely essentially, to the town of Zouerate. The SNIM expects the capacity to be five trains a day by 1991 when the Guelbs scheme come fully into operation.

Nouadhibou has both a mineral port and a fishing port. The former, just inside Cap Blanc (as Nouadhibou at Casado), services the SNIM. From four million tons in 1965, the port saw an increase to more

constant expansion since the decision was taken in 1982 to unload the hauls of deepwater fish found within Mauritania's rich economic exclusion zone. In five years the haul more than tripled to over one million tons of fish, a remarkable performance. The capacity of the port could be further improved once it is dredged and the considerable number of wrecks raised.

Port facilities in Mauritania received an important addition in September 1986, when the new Chinese-built and financed deepwater port, the "Port de l'Amitié," was opened by President Ould Sid 'Ahmed Taya. This replaces the old wharf at Nouakchott, which had many unsatisfactory features and no

natural shelter. This added to the construction problems for the Chinese engineers and laborers; nevertheless, after beginning the project in 1980, they were able to finish it some seven months ahead of schedule. It was financed by a \$150-million interest-free loan from the Chinese government, repayable over 50 years with a ten-year grace period.

The new port has a handling capacity of 300,000 tons a year, and one of its main virtues will be the elimination of the need to divert some 30 to 40 percent of traffic through Dakar during the winter months. It will also cut waiting time for vessels, and reduce the relatively high percentage of imported goods which were damaged on the barges which shipped them to the old wharf or when left on the piers.

The 585-meter port, which can accommodate three 10,000 to 15,000 hundred-weight vessels at one time, has been built very much for the future: its capacity is currently 40 percent more than the current needs of Nouakchott and its surrounding area. It is envisaged that the port will be used to export gypsum and possibly copper in two or three years' time.

The port's commercial fishing potential is also being actively studied: the haul on the beach alongside the Sabah hotel near Nouakchott is estimated at about five tons per day. Mauritania's planners also see the port as servicing a wider regional area, particularly in Mali, if it is possible to find financing for a road connection between the region of western Mali around Niara and Kayes to the Trans-Mauritanian highway at Nema. This could be an incentive not just to landlocked Mali in its search for alternative outlets to the sea, but could offer a stimulus to trade between the two countries.

The Senegal River ought to be a great transport arterial. In fact, it is more of a barrier, cutting Mauritania off from Senegal, than a vehicle for communication. The reason: for

many months of each year, the water level is too low to be navigable, a situation which has been even more chronic in the recent drought years. The possibility of using the river for shipping food and cash crops is something that will be looked at again once the two dams of the giant Senegal River scheme become operational.

The Diama Dam near the mouth of the river becomes operational shortly, and Mali's Nantouli Dam is due to open for business in 1988 or 1989. When the two dams are functioning it will be possible to regulate the waters of the river, and improve portions with a

view to navigation. At the moment there are three ferries, at Rosso, Bogho and Kaedi, but these are inefficient and unreliable. One immediate benefit of the completion of the Diama Dam is the road that runs along the top: for the first time, the Senegal River will be bridged, which will help immeasurably to improve communications southward to Senegal.

Mauritania has had to develop air transport, because of the difficulties of communications in the desert, although sandstorms and other hazards make this form of communications unpredictable. Because of distances and insufficiency of passenger traffic it is an expensive proposition. Notwithstanding, Air Mauritania, which has been in existence since shortly after the country's independence, maintains a service to the major Class B airports at Aioun el Atrous, Akjoujt, Arar, F'Dekik, Kaedi Kiffa and Mbout, as well as other sites. Nouadhibou has had a class A airport for years, and Nouakchott became one in the 1960s, although the runway still cannot accommodate jumbo jets. (French financing has recently been obtained for this improvement.) Air Mauritania also flies to Senegal.

— P.H. Bistouri

Experiment in Democracy Generates Public Enthusiasm

Three weeks of intense campaigning culminated December 19 in Mauritania's first elections since independence in 1961. As promised by President Taya in the wake of a December 1984 coup, the ruling military regime has permitted municipal elections for city councils in Nouakchott and 12 other large municipalities. Up to four slates with 36 candidates each were allowed to participate per municipality, with a subsequent run-off between two top slates.

Although political parties are still forbidden, each slate espouses a political program for developing local resources and providing community services. Public debate of local issues is encouraged, although debate of national issues is still not allowed. Each slate, represented by the color blue, white, rose or yellow, must be tribally and ethnically balanced to avoid factionalism and partisan politics. The regime insisted upon equal representation based on population estimates of the different ethnic groups for each municipality.

During the three weeks of campaigning, there were street rallies, demonstrations of sup-

port and party speeches. Flags identifying one's affiliation were seen flying from houses and businesses or attached to vehicles. In a show of strength several parties rented long-bed transport trucks and hauled hundreds of supporters around Nouakchott in a convoy. In the final days each party led a march of supporters to the presidential palace to show their support for the regime which is nurturing this experiment in democracy.

On election day itself, about 60 voting stations were open from 6:00 a.m. to 7:00 p.m. Many voters arrived as early as 4:30 a.m. in anticipation of a large voter turnout. Voting stations were crowded but orderly and the day passed without incident. Some voters were unable to obtain their electoral cards in time, but were allowed to vote anyway upon presentation of their electoral number and an identity card. Of the 104,000 registered voters, approximately 50 percent turned out in Nouakchott to vote. The blue slate took the lead with 22,000 votes, the white second with 15,000, rose third with 7,000 and the yellow last with 4,500.

Since no party won 51 percent of the total, there was a run-off election between the blue and white slates on December 26. Blue gained 19 seats and white 17 seats.

If this first experiment in democratic elections is successful, the regime will extend the political franchise to the smaller municipalities and has promised future elections at the district and department levels. There is even street talk that legislative elections may be in the not-too-distant future. Although this tentative step towards representative government is limited in scope, the regime has at least proven its commitment to the evolution of democracy in Mauritania.

MAURITANIA THE OUTLOOK FOR 1987

MAUSOV-SEM

Société Mauritano-Soviétique de Pêche (Mauritano-Soviet Fishing Co.)

Semi-public corporation with capital of 11,390,000 UM
Registered office: Nouadhibou Harbour Zone, P.O. Box 256
Telephone: 45299 Telex: 422 MTN
Representation: Nouakchott Ilot K 21. Telephone: 512-68

MAUSOV, in which the state of Mauritania is the majority shareholder, intends to participate actively in the economic development of the country, and has set itself the following objectives:

- Fishing for fish and other marine produce
- Development of shore-based storage and preservation facilities.

Following its investment programme, MAUSOV has already built and installed: A refrigeration plant at Nouadhibou, comprising:

- 2 cold rooms each with a storage capacity of 1500 tonnes (-25°C)
- Appropriate handling equipment and facilities

MAUSOV has also embarked on an ambitious medium- and long-term investment programme involving:

- Expansion and modernisation of its fleet
- Construction and operation of a ship repair yard together with the necessary infrastructure and back-up facilities.

MAUSOV is expanding, industrially and commercially oriented company involved in the efficient exploitation and conservation of the national fishing stock and marine resources.

MAUSOV is an example of harmonious international co-operation and a dynamic force for integration of the regional economy.



BAMIS

BACKGROUND

LEGAL FRAMEWORK:
BAMIS was established on 21 September 1985 as a joint stock company subject to Mauritanian law.

EQUITY:
Subscribed capital amounts to UM: 500,000,000
• 80 per cent: AL BARAKA GROUP (Jeddah)
• 40 per cent: Private businessmen of Mauritania
• 20 per cent: Central Bank of Mauritania.

GENERAL MANAGEMENT:

- CHEIKH SALAH ABDALLAH KAMEL
Chairman of the Board of Directors
- Mr. AHMED SIDI BABA
Deputy Chairman
- Mr. SIDI MOHAMED MOHAMED EL EMINE
General Manager

SERVICES

All of BAMIS activities are conducted on a non-interest basis. The following services are provided:

BANKING SERVICES:

BAMIS performs all banking services both on its own behalf and on behalf of its foreign or domestic clients.

a) Deposit Accounts:

The bank receives funds in the form of entries into accounts and on the basis of compensating withdrawals and deposits. Deposits fall within the following categories:

Call Deposits Accounts: funds are deposited with the bank which is authorized to utilize them. The bank receives any profits and bears any losses. There are no conditions with regard to deposits and withdrawals.

Non-Specific Deposit Accounts: funds are deposited with the bank by depositors wishing to participate in its financing of economic activities. In return depositors receive a set percentage of net profits in accordance with the conditions of the account in which they are recorded.

Specific Deposit Accounts: funds are deposited by depositors wishing to authorize the bank to invest in a specific project or for a particular objective. The depositor receives a share of net profit generated by each specific project.

- b) The bank provides cover services on behalf of other banks and also notifies and confirms credits.
- c) The bank levels off accounts and finds suitable investment for any surplus funds collected by itself or similar financial institutions.
- d) BAMIS provides over the counter services for the purchase and sale of foreign currency at the going rate.

BANK AL BARAKA MAURITANIAN ISLAMIC
S.A. an capital de 500.000.000 d'Ouguiyas
B.P. 650 - Avenue du Roi Fayçal - Nouakchott
TEL: 514.24 - 622.66 - Telex: 538 MTN

République Islamique de Mauritanie

الجمهورية الإسلامية الموريتانية



SONIMEX

SOCIÉTÉ NATIONALE D'IMPORTATION & D'EXPORTATION

CAPITAL: 304 million Ouguiyas

Registered Office: Avenue Bourguiba, Nouakchott-R.C. 253

P.O. Box 290 Nouakchott (R.I.M.)

Telex: 581 MTM. Telephone: 514 72 (all departments)

MAIN FEATURES

1) SONIMEX is a semi-public corporation; 62% controlled by the state of Mauritania, which enables it in conjunction with the Ministry of Public Trusteehip to negotiate advantageous international contracts e.g. rice with Thailand, tea with the People's Republic of China.

2) The purpose of the company is to provide the country with basic foodstuffs and staples (rice, tea, sugar) and, by having a monopoly on importation, to control more efficiently the purchase price and ensure a regular income from customs dues for the treasury.

3) A distribution network covering the whole country; representation in all the regional capitals (including 14 agencies) and collaboration with the Chamber of Commerce enables SONIMEX products to be made available in all places and at all times.

4) SONIMEX has a monopoly on the exportation of gum arabic; to this end and within the framework of the policy of regeneration of the gum industry adopted by the management SONIMEX is keen to support the action of the Ministry for Rural Development in the purchase of acacia trees and to encourage afforestation.

5) Controlling bodies: A Board of Administration, Governing Body and Board of Management that is experienced, conscientious and skilled in management techniques has turned SONIMEX into a model company in the national economy.



Mr. Moussa Fall, Director General, SONIMEX

Economic Plan Takes Effect



Nouakchott's new Novotel, evidence of the country's forward-looking investment policies.

To stem Mauritania's current economic and financial woes, the government, under the auspices of the Ministry of Finance, is undertaking an ambitious and wide-ranging plan of action.

In 1985 a recovery plan was drawn up for formal recognition, an important step toward affirming Mauritania's credibility with the outside world. The resulting document, outlining a financial plan for the period 1985 to 1988, was submitted to an advisory panel of fund-granting agencies. Preliminary results were improvements in public finance and payments balances, as well as in the rationalization of investment policy. Mauritania did not set out systematically to program its needs, which are great in comparison with its limited natural resource endowment. Instead, it struck out upon a pragmatic line of action to ensure a better allocation of available resources and a wiser channeling of external aid.

Mauritania has a number of pressing problems, including shortage of public finance, a deficit in payments balances, a GDP downswing in real terms and, consequently, a drop in the living standard of the overall population, due mainly to mismanagement. Hence the Recovery Program aims to correct mismanagement as well as to improve existing facilities: the first year of the Program will be devoted to a general rehabilitation of existing entities. With many projects, Mauritania is implementing a very ambitious, forward-looking investment policy, irrespective of the recurrent costs of certain projects. This has undoubtedly resulted in some recent hardship, but should be of benefit in the long run.

The second portion of the plan looks hard at the bottom line. Throughout the period of the Recovery Program, Mauritania intends to restrict new investments exclusively to ventures whose profitability is clearly demonstrated. The third portion, dealing with non-profitable follow-up projects, allows for such investment as necessary to improve social or educational services.

These are the three considerations which underlie the formulation of the Program. They should enable the economy to grow at a rate of 3.7 percent in real terms, equal at least to the population growth rate. The plan should also regenerate public investment, thus enhancing profitability and, in due course, will reduce the public finance deficit and improve the balance of payments position.

Mauritania was put on the right track in 1985: the targets set for that year were secured and even exceeded. The country managed to erase a substantial part of the public finance deficit of 100 million ouguiyas and posted a current surplus of over 150 million ouguiyas.

On the subject of payments balances, the current deficit was substantially reduced and GDP growth rate was 4 percent, very significant indicators of economic progression that year.

The country recognizes that there will be no magic solu-

tions. Improvement must stem from the political will to secure change in the country's economic and financial situation. As it happens, Mauritania can count on assistance from the International Monetary Fund, the World Bank and the Arab Financing Agency, as well as multilateral sources such as the Arab Development Bank. Clearly, Mauritania is doing what is necessary, and is convinced that by unwavering allegiance to the course mapped out, it will by the end of 1988 be on the road to balanced growth, no longer failing to make a rational use of its available resources and expecting to lean indefinitely on foreign aid.

Mauritania's external debt has reached excessive proportions. To deal with the problem, the Club de Paris agreed to reschedule that debt, and a substantial easing has resulted. But it must not be forgotten that at the end of 1984, Mauritania piled up excessive arrears which were not rescheduled and had to be met. However, a settlement has been made — a rare event, considering the immense difficulties with which Mauritania has had to grapple.

In 1985 a meeting was held in Paris by the Advisory Panel on Mauritania. At that meeting fund-granting agencies and agencies agreed to finance Mauritania's Economic and Financial Recovery Program. The outlay totalled U.S.\$760 million in terms of technical assistance, help with projects and food aid. The government's aim is to improve the country's economic

position and generate progress, so that Mauritania may secure a growth rate in the years ahead. The Monetary Fund as well as the World Bank also have their goals, namely to help chart the course of international trade and rationalize the country's exchange policy. The Bank has the task of financing development. But the Fund and the Bank are not the only factors in the policy of recovery. Other sources of financial support and guidance are the various Arab Funds, multilateral Funds, multilateral banks, such as the Arab Development Bank, and the national financing organizations in the OECD countries.

Mauritania is a founding member of the Community of West African States (CEAO) and is convinced that it is essential for countries which cannot be legitimately described as strong, to combine and at the same time exert themselves individually. CEAO, like many newly established organizations, has had problems, but its proponents point to the organization's achievements as well as its perceived inadequacies.

Trade continues to be a problem for Mauritania, as well as among all the CEAO states. There are no continuous land, air or even sea communications, countries are large, and frontiers very long. These objective problems are among the major current concerns of the CEAO states, which are striving to lay the foundations for smoothly running and self-propelling regional cooperation.

World's Largest Train a Big Success



The longest train in the world arrives in Nouadhibou, Mauritania, every day at 10:18 a.m., give or take an hour. It ends its 18-hour, 616-km journey south and west from Zouerate, near the iron mines of Kédia d'Idjil and the Guelbs, carrying 217 freight wagons loaded with iron ore. The train can be as long as 2.8 kilometers (1.7 miles) and can pull up to 22,000 metric tons. Another train of similar length arrives daily at 6:20 a.m.

Also along for the ride are two or three tank cars carrying water for the city of Nouadhibou and, once a day, a passenger carriage which could carry 80 people but never does. Most of the train's passengers hitch rides on the goods wagons or on the roof, wherever they can manage, sometimes with a few sheep along for good measure.

The train is owned and operated by the Société Nationale Industrielle et Minière (SNIM), Mauritania's huge iron-ore company based at Nouadhibou and Zouerate.

The railway traction division alone employs 1,100 people. Most receive various degrees of training on the spot; a few have gone to France for more extensive instruction by the French National Railway SNCF.

The company expects to end 1986 with exports of 9.6 million metric tons of iron ore. This figure is up two percent from 1985's 9.4 million metric tons, but falls 8.6 percent short of the 10.5 million targeted for 1986.

On the journey inland the train is empty, except for a few tank cars carrying fuel from the port up to Zouerate, so it weighs far less — an advantage, since the inland route to Zouerate, some 300 meters above sea level, is on an uphill grade. The engine workforce consists of 25 French-made Alsthom locomotives and four U.S.-built General Motors units, all diesel-electric: the diesel fuels a generator, and then the locomotive's engine converts electrical energy to mechanical for traction power.

SNIM is definitely in the market for five or six new locomotives in 1987, according to port and railway director Bouhoural Moulaye Abasse. Financing to the tune of \$1.28 million, mostly from Arab sources, is complete. But any contenders would have to put together a pretty attractive offer in a hurry to beat the front-runner, General Motors. If GM does win the contract, a few SNIM staff will go to La Grange, Illinois, for training.

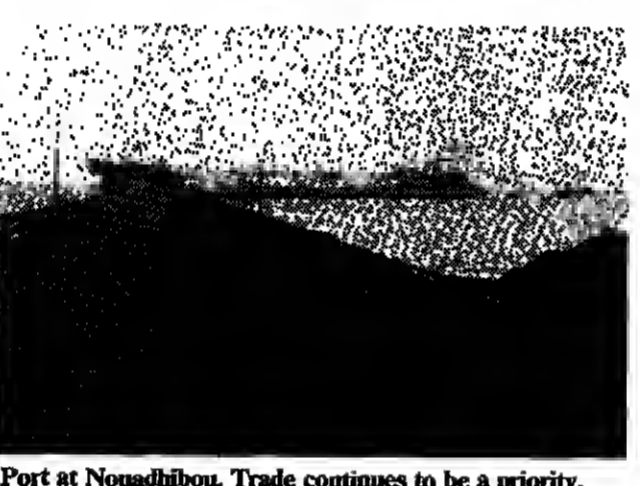
A 15,000-square-meter workshop handles the maintenance requirements of the rolling stock. Locomotives can be given anything from quick checks underneath to complete dismantling.

"Our worst enemy here is sand," a SNIM spokesman explains. It wears wheel surfaces irregularly; as a result, to prevent derailments, they have to be resmoothed much more often than their European counterparts. A railway bogey's useful life is only one-fourth of what it would be doing the same work minus the sand.

In 1985, SNIM imported 60 railway-wagon kits from South Korea and assembled them in the workshop at a rate of one per day. The company saved \$50,000 in freight costs alone, since the kits took up much less space onboard ship than fully built-up wagons would have required.

Admittedly, Nouadhibou is a bit far away for most of the world's railway buffs, so not very many make the trip to see the world's longest train themselves. SNIM does, however, get many letters from railway enthusiasts all over the world requesting tickets to add to their collections.

—L.V.B.



Port at Nouadhibou. Trade continues to be a priority.

MAURITANIAN SHIPPING AND FISHERIES PRODUCTS MARKETING COMPANY

S.M.A.C.P.P.

Company capital: 16,000,000 Ouguiya (1). Company belonging entirely to the Mauritanian private sector.

INVESTMENT
180,000,000 Ouguiya (2) fully invested in the form of the ownership and operation of 5 freezer-trawlers of total gross registered tonnage of 1,632 GRT.

AIMS

- To help promote the national economy by playing a leading role in the gradual takeover of the fisheries sector by Mauritanian interests and to that end.
- To create a private saving sector in Mauritania which will permit the development and the consolidation of this process.
- To intervene directly in the marketing of fisheries products.
- To participate in the training of Mauritanian officers and sailors.

PROGRAMME

- Purchase of 15 freezer-trawler over 5 years period.
- The construction at Nouadhibou (Mauritania) of cold storage plant with an annual capacity of 12 thousand M.T. with the possibility of later expanding the plant.

STRUCTURES

- Qualified technical and administrative staff.
- Presence at all levels (production, consignment, marketing, etc.).
- Offices at Nouakchott and Nouadhibou (Mauritania) and Las Palmas (Spain).

SERVICES

- Annual production of 6,000 M.T. of deep-sea fish, the quality of the processing and classification of which is already well known and highly appreciated by customers.
- Regular supplies to customers.
- Trade relations based on the Company's scrupulous respect of its commitment.
- Payments and profitability assured for all Mauritanians and foreign financing.

FOR INFORMATION CONCERNING S.M.A.C.P.P. CONTACT:

In Mauritania:
SOCIÉTÉ MAURITANIENNE DES BANQUES (S.M.B.)
B.P. - NOUAKCHOTT
Phone: 52602 - 52707 - 52968
Telex: 567 MTN

Abroad:
BANCO DE BILBAO
Oficina Principal - Las Palmas de G.C. (SPAIN)
Phone: 265500
Telex: 95341 BBLP E
SATECO
Luis Morote, 6 - 7 - Las Palmas de G.C. (SPAIN)
Phone: 279313 - 279400 - 279507
Telex: 96692 MESU E

ADDRESSES OF S.M.A.C.P.P.:

NOUAKCHOTT B.P. 688 Phone: 51309 - 53139 Telex: 808 MTN	NOUADHIBOU B.P. 72 Phone: 2186 - 2189 Telex: 543 MTN	LAS PALMAS (SPAIN) Luis Morote, 6 - 3* Phone: 27.22.97
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(1) About \$320,000 US
(2) About \$3,500,000 US

OFFICE DES POSTES ET TELECOMMUNICATIONS

(Office of Post and Telecommunications)

Director General: BA Abdoul-Fatah

The Office of Post and Telecommunications, under the aegis of the State of Mauritania, is engaged in the modernisation and development of its range of activities:

PROJECTS:

- Type A earth station
- International and national group centre
- Type B earth station
- Local and long-distance electronic telephone exchange for Nouadhibou
- Local telephone network for Nouadhibou
- Computerisation of certain posts and telecommunications services
- Distribution centre for Nouakchott
- Unit automatic exchange for Nouakchott
- Telex switchboard for Nouakchott
- Maritime coastal radio station
- Project "Sud" (directional radio link for the towns of Boutilimit, Aleg, Boghé, Kaédi, Sélibaby)
- Zouérate earth station
- Extension of the Nouakchott local telephone network
- Project "Nord" (directional radio link for the towns of Atar, Choum, Chinguett)
- Extension of the project "Sud" to Tidjikja and Néma
- Renovation of satellite stations

Total cost of projects: 1.7 billion Ouguiyas

SOCIÉTÉ D'ACCONAGE ET DE MANUTENTION EN MAURITAINE

(Mauritanian Lighterage and Handling Company)

BP 258 - NOUADHIBOU
Telex: 433 MTM. Tel: 45 263/45 364/45 983.

Capital 100,000,000 U.M.

ACTIVITIES:

- Consignment of goods
- Consignment of tankers
- Ship/Store handling
- Warehousing
- Sea & air transportation
- Customs

EQUIPMENT & FACILITIES:

Handling: 21 cranes (5T-11T-17 to 20 tonnes)
Haulage: 20 trailers (14T-20T-24T to 32 tonnes)
7 tractors
1 lorry
Lighterage: 2 flat-bottomed boats (250-300 t)
1 lighter (250-300 t)
1 tug (150 hp)

Approved by the Port Authorities for all shore handling operations in the Nouadhibou harbour zone.

Agents throughout the world.

Employed by the Department of External Trade and Public Works & Industrialisation of Mauritania.

REPRESENTATION IN MAURITANIA:

- Norwegian Consulate
- S.G.S.
- Lloyd's
- Salvage Association.

Islamic Republic of Mauritania

THE FRIENDSHIP PORT OF NOUAKCHOTT

This port, with a capacity of 500,000 tons, will be made up of two parts:

a) WORK AT SEA

- an access bridge 730m long and 13.5m wide
- a docking quay of 585m which can receive 3 ships simultaneously with a capacity of 10,000 to 15,000 tons.
- a jetty.

b) LAND INSTALLATIONS:

- 2 buildings, one for the Port Administration and the other for the Police and Customs;
- A garage
- An infirmary and a rest room for workers
- 50,000 m² of tarred raised areas for the storage of products in the open air
- Lighthouse: this is the highest part of the Port.

*Kané oulé Mahmoud
Director General of the
Maritime Establishment and
Friendship Port, Nouakchott*

CONCLUSIONS

The putting into service of the Friendship Port, planned for 1987, will allow Mauritania to not only unload all its imports, but also, and above all, will give the land-locked countries of the sub-region access to the sea.

Maritime Establishment and Project for a Deep Water Port in NOUAKCHOTT

Created to meet the import and export requirements of our country and therefore reducing its economic dependence vis-à-vis foreign countries, the task of the wharf in Nouakchott was to unload 50,000 tons annually, with this figure capable of being increased to 100,000 tons by the strengthening of existing equipment.

In 1968 the first extension of the Wharf took place for an investment of 83,081,704 U.M. from the EDF; the second took place in 1975 for an amount of 84,401,137 U.M. from the CIO and the last was to become a reality in 1981 with the construction of the cement-manufacturing docking wharf. This construction cost the Cement Company of Mauritania a sum of 12 million Ouguiyas.

After this last extension, the annual unloading capacity of the Wharf is 450,000 tons.

In 1982, 325,442 tons were unloaded, of which around 94,336 tons of cement is the largest figure ever achieved since the building of the Wharf.

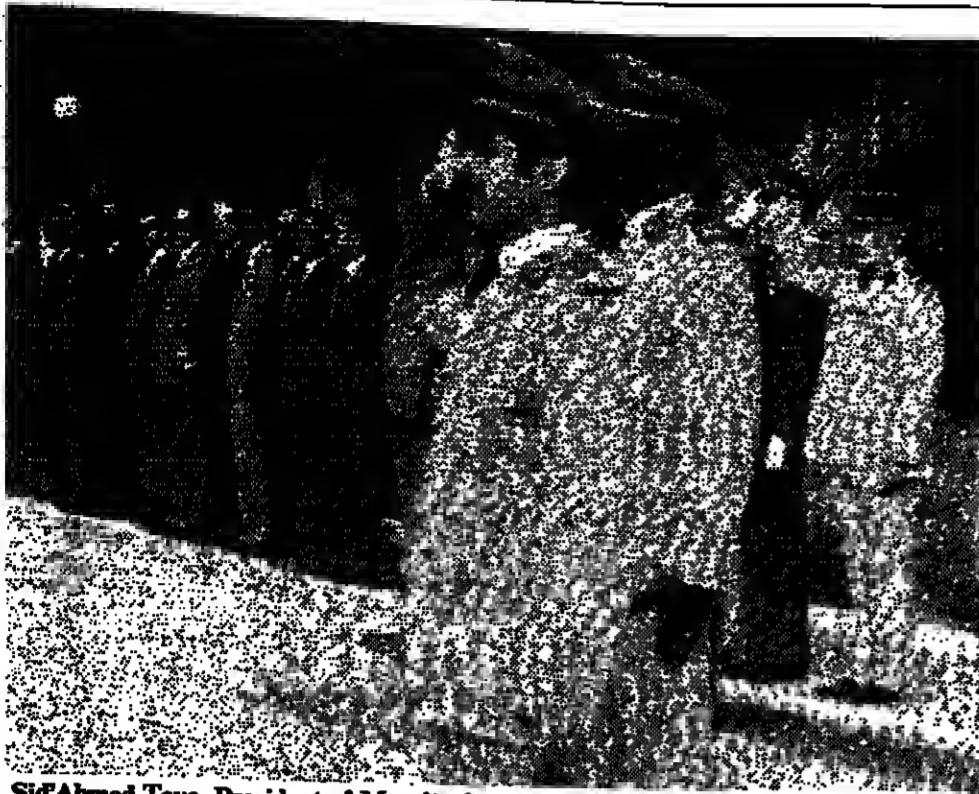
E.D.F.: European Development Fund
C.I.O.: Crédit Industriel de l'Ouest (Industrial Credit of the West) (France).

**TEL: 514-53 516-15
B.P. 267-NOUAKCHOTT
TELEX 538 MTN**

Refinery

SIMAR

SOCIÉTÉ MAURITANIENNE DES BANQUES (S.M.B.)



Sid Ahmed Taya, President of Mauritania.

President (Continued From Page 7)

ties; from a strengthening of agricultural extension and support services; and from "an exceptional covering of materials to protect crops against locusts, cicadas and other various predators." Some 220,000 hectares were treated, the President indicated.

With so many economic challenges on the home front,

the President devoted almost his entire speech to economic matters. Nevertheless, he enunciated Mauritania's foreign policy clearly, if briefly. He expressed Mauritania's solidarity with the "struggle of the Namibian and Azanian peoples against the racist regime of Pretoria" and with the Palestine Liberation Organization (PLO), voiced his approval for

negotiation as a means of settling the war between "the brother countries of Iraq and Iran" and, above all, endorsed the creation of a Grand Maghreb. "It is time," the President stressed, "that sacrifices be made for the common struggles of all the peoples of the region, that is to say, those against hunger, disease and ignorance."
 — L.V.B.

Investment Outlook: Strong Opportunities, Favorable Incentives

Mauritania has an open economy, and Industry and Mines Minister Mahfoud Ould Lemrabott has issued a standing invitation to foreign investors to come to Mauritania to assess the opportunities available.

The local market is of modest size — the population is about 1.83 million — but much remains to be done in the area of import substitution, at a time when the will is there in the host country to make a go of local industries to add more value inside Mauritania. Priority would be given to ventures with a high degree of labor intensity, to create more jobs, and to those which stand to make the biggest contribution toward improving the trade balance.

Larger-scale investment opportunities lie in the exploitation of Mauritania's rich mineral resources, although the cost of these capital-intensive projects is also high.

Consortium de Recherches de Phosphate en Mauritanie, owned by SNIM (51 percent), France's Bureau de Recherches Géologiques et Minières (BRGM) (40.9 percent) and others, has located 100 million metric ton of proven phosphate reserves in the Bofal and Louboira regions of southern Mauritania. Studies indicate that a 20-year exploitation of the reserves at a rate of two million metric tons of concentrates per annum would require a capital investment of U.S.\$63 million to bring the mine itself into production, \$24.7 million to build a treatment plant, \$4 mil-

lion to add a concentrate-drying unit, \$12 million to construct an electric power supply and \$4.5 million to build other support structures (1984 prices). Projected cost of mining is \$5.27 per metric ton of concentrate produced, while the cost of treating it would be \$4.32 per metric ton.

The catch: transport infrastructure is needed to get the phosphate output to a port of embarkation. Studies have identified five different transport options, including road haulage over 370 kilometers by truck, a 300- or 350-km railway, a 300-km pipeline to the port of Nouakchott, and river transport by barge 400 kilometers down the Senegal from Bababe to the Senegalese seaport of Saint-Louis.



The fishing industry is slated for growth.

The road option requires the least new initial capital investment (\$13 million in 1984 prices) but involves the highest variable cost (\$20 to \$25 per metric ton). The rail option requires the largest capital investment (\$160.2 million or \$239.1 million, depending on the route) but would leave the lowest variable cost (\$7.12 or \$5.04 per ton). The river-transport option, because it involves two countries, has the advantage of being eligible for regional development funding from international donors such as the European Development Fund.

The country also has exploitable reserves of sulphur near

Nouakchott and of copper in the south, in addition to those at Akjoujt already being mined.

Mauritania has an investment code dating from 1979 with two sets of regulations, one for investments of between UM10 million and UM200 million, the other for investments exceeding UM200 million. Exemptions from duty and taxes are more favorable to firms setting up outside Nouakchott and Nouadhibou, and land is ceded free for industrial plants installed outside the two cities. Policy on remittance of earnings and proceeds of disinvestments is also spelled out.

— L.V.B.

Refinery Targets Success

The oil refinery at Nouadhibou is to reopen at the "end of January or the beginning of February," according to a refinery spokesman.

The one million metric ton per annum refinery, which reportedly cost the Mauritanian government U.S.\$148 million of its own resources to build, has a checkered past. It went into production in 1978 as part of the mining parastatal SNIM, but was soon shut down after President Moktar Ould Daddah was overthrown, in July 1978. Then in 1981, the Société Mauritanienne des Industries de Raffinage (SOMIR) was set

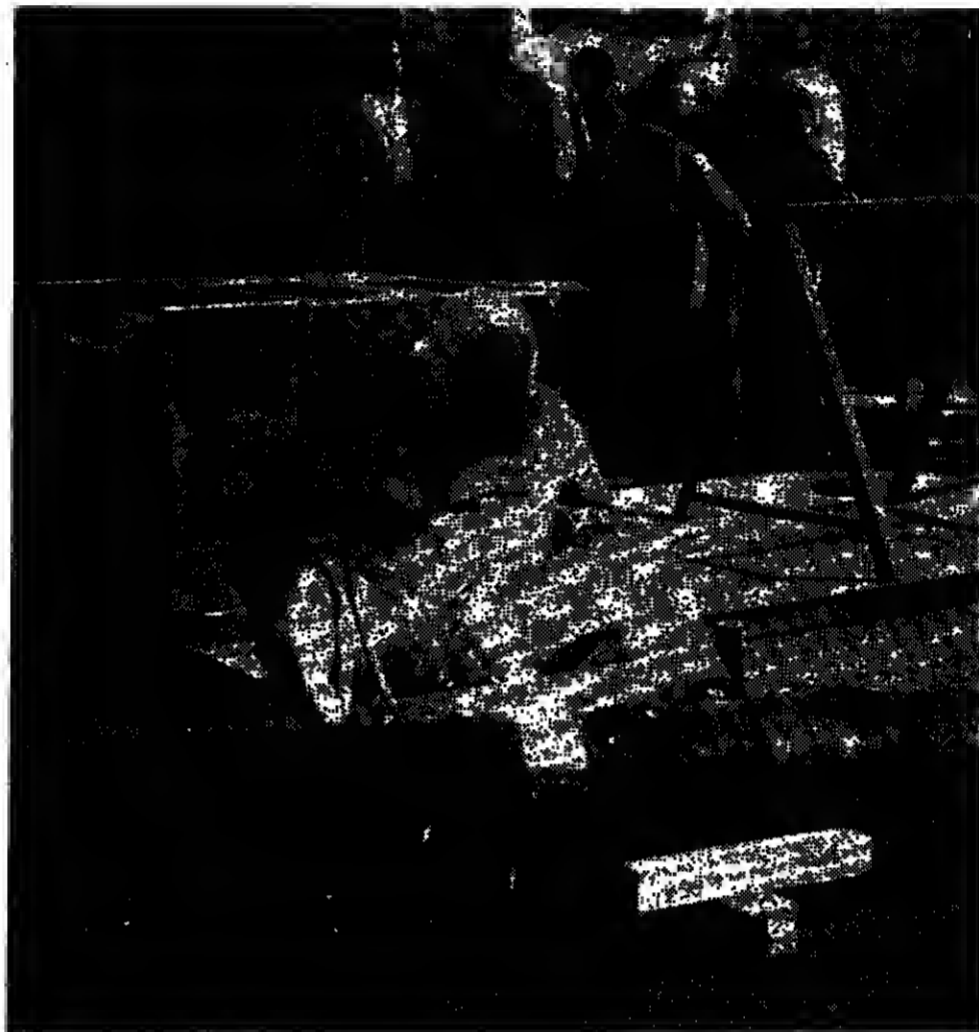
up, and the refinery reopened in 1982 with Algerian assistance. During this period it processed Algerian, Libyan and Nigerian crude, but it shut down again in 1983, owing to "unavailability of crude oil."

The refinery's troubles, explained an Algerian source, have "something to do with politics. Conditions changed on December 12, 1984." The current leadership made the decision early on to give the Algerians the green light to put the refinery back into production.

The Algerian company ENEP came in to undertake repairs at a reported cost of

\$123 million. Those repairs have now been completed, and the refinery is ready to reopen by early February with another Algerian company, NAFTA, as operator.

Although the physical plant remains Mauritanian, the operating company is entirely Algerian. Under the contract, it will pay no tax for a period of five years; instead, the Algerian operators say, the advantages to Mauritania are the creation of 250 jobs, the security of a local supply of refined petroleum products, and a favorable effect on the balance of payments.
 — L.V.B.



Transport is an important development sector.

SIMAR
 SOCIÉTÉ INDUSTRIELLE MAURITANO-ROUMAINE
 (Mauritanian-Rumanian Industrial Company)

Registered Capital: \$4,000,000
 Registered Office:
 P.O. Box 301, Nouadhibou
 Tel: 45013 Telex: 408
 Agency:
 P.O. Box 643, Nouakchott

The freezer plant at Nouadhibou

SIMAR
 SOCIÉTÉ INDUSTRIELLE MAURITANO-ROUMAINE
 (Mauritanian-Rumanian Industrial Company)

For the development and exploitation of aquatic resources

SIMAR was formed in 1980 by the political wish of two friendly countries, Mauritania and Rumania.

SIMAR is involved in the following main activities: high-seas fishing, coastal fishing, operation of ice trawlers, treatment and freezing of all fish produce, storage of all produce, and sale and marketing of fishing produce.

At present SIMAR operates a fleet of 10 'Super Atlantic' type freezer ships for pelagic fishing. The catches of this fleet are sold in Africa, Europe and Asia, and are marketed directly by SIMAR.

SIMAR also owns a factory capable of processing 45 tonnes of fish per day and with a storage capacity of 1800 tonnes of fish per day. A programme for purchasing ice trawlers to supply this factory is in an advanced stage.

ALMAP
 SOCIÉTÉ ALGERO-MAURITANIE DES PÊCHES
 ALGERIAN-MAURITANIAN FISHING COMPANY

President Col. Maouya Ould Sid'Ahmed Taya and the President of Mali, M. Moussa Traoré visit ALMAP with Director General Ibrahim Ould Boidaha.

BUSINESS:
 Catching, treatment, marketing and sale of fish produce.
 Director General: Ibrahim Ould Boidaha
 Assistant D.G: Chaker Smaïne

The new refrigerating plant that was inaugurated in 1985 at the fishing wharf in the Port of Nouadhibou means that ALMAP is an enterprise equipped with the latest and most efficient technology.

DETAILS OF THE PLANT:
 - 2 freezing tunnels (40 tonnes/24 hours)
 - One 400 tonne warehousing facility (-24°C), with moveable shelving
 - Ice-making unit (20 tonnes/24 hours)

ALMAP has a large fleet:
 owned by ALMAP:
 - 6 ice trawlers (22 metres, 100 TJB)
 - 5 freezer trawlers (31 metres, 345 TJB)
 chartered by ALMAP:
 - 9 ice trawlers (23 metres, 114 TJB)
 - 7 ice trawlers (16 metres, 40 TJB)

MARKETING & SALES
 ALMAP exported 10,000 tonnes in 1985 and aims to export 16,000 tonnes of shellfish in 1986, principally to Algeria. Furthermore, the ALMAP production of cephalopods, estimated to exceed 1,500 tonnes, is sold on the Japanese market.

ALMAP
 P.O. Box 321-NOUADHIBOU
 Telex: 424 Tel: 45 148-45 301

BANQUE MAURITANIE POUR LE DEVELOPPEMENT ET LE COMMERCE
 Mauritanian Bank for Trade and Development
 Capital: 300,000,000 Ouguiyas
 Registered Office: B.P. 219, Nouakchott
 Tel: 520-61/511-56 Telex: 564 BADEC MNT

The Mauritanian Bank for Trade and Development plays an active role in development. Originally, its policy was based on the promotion of small-scale and medium-sized enterprises. Its scope was later enlarged to include the fisheries sector with a view to incorporating that sector into the National Economy, through the establishment of a National Fishing Fleet. In addition, 14 small-scale and medium-size enterprise sector projects qualified for finance from the World Bank. Three of these projects concerned the agro-food sector, three the service sector, two the energy sector and six various other sectors. As far as the fisheries sector is concerned, the Mauritanian Bank for Trade and Development is determined to emerge as a pioneer in helping collect and develop fishing tackle, entering into undertakings for the purchase of nine vessels by serious-minded persons, solvent, morally responsible and with administrative ability.

STAFF TRAINING

The Mauritanian Bank for Trade and Development sets great store by a commitment to train staff, which is part of its activity, and the provision of staff for this purpose as well as for follow-up activities, has led to the setting up of a "Training" service within the Bank. This service supervises and keeps an eye on the following activities:-

1. Attendance at seminars.
2. Studies and Training sessions.
3. Teaching at the Banking Profession's Training Centre.
4. Activities in connection with Specific Points of Training.

The main correspondents of the Mauritanian Bank for Trade and Development are:-

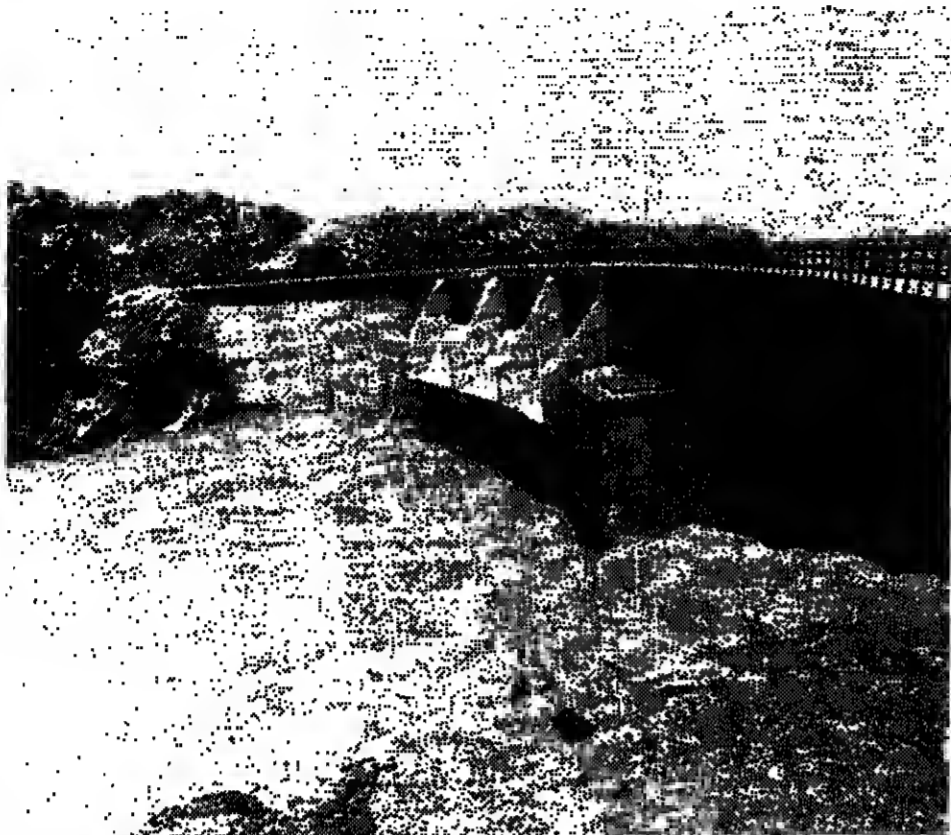
New York: Citibank	Tokyo: Mantrust
Milan: Mantrust	Paris: BNP - UTB - Mantrust
Madrid: Mantrust	Frankfurt: D.G. Bank
Banco de Bilbao	Dakar: B.D.K. - Citibank
Banque Arabe Espagnole	Abidjan: BIDI.

As Desert Creeps Inward, Drastic Measures Deemed Essential

Mauritania's agricultural sector is undergoing an extended, deep-seated crisis: in the 26 years since the country's independence, the desert has advanced some 400 kilometers, and is now moving at the rate of 61 km a year. Much has been written and discussed on the acute problem of 'desertification' which affects all the countries of the Sahel, and anyone who visits the area can bear witness to the alarming nature of the phenomenon — strange circles in the sand where once there were baobab trees, dried-up river beds, ruined and deserted villages, skulls of cattle lying in the sand.

Of all the countries of the Sahel, Mauritania is the one which is perhaps the most affected by the advancing Sahara, because it already is mostly desert. This is now down to between one and two percent. The country has had 15 years of more or less continuous drought, encompassing the great drought of 1973 which permanently reduced the size of the country's herds of cattle from 3 million to 1 million, and permanently altered the life-style of the previously nomadic population.

It is estimated that in 1963 there some 85 percent of the population led a nomadic existence. This figure is now com-



Irrigation dam at Fom-Gleita.

monly calculated at 25 percent, with 35 percent of all Mauritians now living in towns. Most-populated is Nouakchott, whose residents have increased in 25 years from next to none to half a million.

Even since 1980, it is calculated that the national cattle herd has dropped by 35 percent, and sheep and goats by 20 percent. Only the camel herd of

around 700,000 has remained stable, although in the early 60s it also was estimated at more than one million.

The advance of the desert has also been reflected in cereal production statistics. In the 1960s, Mauritania's fertile zone in the south was capable of producing 120,000 tons of cereals (even then, only half the national requirement), but by the mid-1980s production was down to around 20,000 tons. This has inevitably increased dependence on food imports, in many cases in the form of international aid.

This disastrous decline was the result of the cumulative effect of years of drought: in 1984 the Senegal River, on whose annual spate most of the national cereal production depended, had its poorest flood season for the whole of the 80 years since records have been kept. But it set alarm bells ringing that Mauritania was in danger of ceasing to exist as an agricultural producer.

More and more, the Mauritanian government has made rural development a priority. In the present 1985-88 Economic Reconstruction Programme, major resources are devoted to the rural sector. After the disaster years of 1983 and 1984, the 1984-85 harvest was improved because of better rainfall in the area adjoining the river, which was reflected in a production of cereals (millet, maize, rice and sorghum) estimated at 60,000

tons. Under the ERP, further funds are to be allocated to water engineering, in an effort to establish greater control over water resources to enable the country to better face crippling drought. More resources have been devoted to the National Rural Development Company (SONADER), and sundry schemes for improving output, such as the fixing of incentive prices, agricultural credit facilities, improved extension services, and the purchase of surplus production.

At the center of long-term plans lies the ambitious Senegal

River scheme. This involves the construction of two dams on the river, one near its mouth, at Diama in Senegal, which is now completed and only awaiting inauguration, and the other at Manantali in Mali, which should be completed before the end of the decade. Mauritania is involved in the project with Senegal and Mali, and has joined with these two neighbors in raising the funds for the project. Several Arab donors have been among the major contributors, as well as France, the EEC and the African Development Bank.

One of the results of the construction of Diama is to limit agriculturally hazardous saltwater tides upriver during the dry season. This phenomenon has been particularly bad in drought years such as 1983, when salination added to the havoc already caused by lack of rain in the valley. Diama will also permit the authorities to begin to regulate the flow of the river, and open the door to reclaiming land for agriculture through irrigation. Although ecologists have raised alarm bells at possible environmental hazards, as well as the development of diseases, the possibility of ensuring the vital agricultural production from the lands alongside the Senegal River in Mauritania, even in drought years, has remained an imperative for the Mauritanian authorities. When the Manantali Dam (which, unlike Diama, is a hydroelectric dam as well as irrigational) comes into operation, it is estimated that as much as 120,000 hectares of land on both sides of the river



These Mauritians are trying to stabilize shifting dunes.

may be reclaimed for cultivation.

In the meantime, a smaller reservoir/dam at Fom-Gleita on the Gorgol Noir (an important tributary of the Senegal River that runs northward into the Wana hills of the Assaba plateau) was formally inaugurated at the end of 1985. At normal capacity, the reservoir contains 500 million cubic meters of water, and is being used to irrigate a region of 3,600 hectares, of which some 500 have been cultivated.

The project has been beset with difficulties, notably the opposition of a local traditional ruler, as well as the difficulty of persuading peasants to return to cultivation in an area that had been abandoned. There

were also financing problems, which involved a substantial scaling down of the project, which was originally intended to have a perimeter of up to 7,000 hectares. However, informed observers now believe that it is possible that the Fom-Gleita perimeter could produce cereals in the quantity of anything from 15,000 to 25,000 tons per annum, or at least 10 percent of the 1986 cereal deficit. The government plans to resettle some 50,000 people (7,000 to 8,000 families) in the areas. The scheme also envisages a small freshwater fish production industry.

Apart from Fom-Gleita, a number of donors are now assisting the Mauritanian government in different areas. For example, the World Bank has recently agreed to finance two separate schemes. One of them is for \$8.2 million to partially finance 77 irrigated plots of 20 hectares with a view to producing 10,000 tons of grain. More recently the Bank joined with the African Development Fund and OPEC Fund in a scheme to boost the livestock sector, through the training of herders, the slowing down of the deterioration of pastureland and the increase of herd productivity. For this, 15 pastoral cooperatives are to be set up, and analysis of livestock production systems is to be carried out in the framework of a national livestock policy.

The public livestock services will be strengthened by the rehabilitation of infrastructure, training of staff and improved management of land and water. The whole scheme, including

the input of the government as well as the livestock owners is costed at more than \$18 million, but it is an example of the concentrated effort currently going on to rehabilitate different key elements in the rural sector.

In all the talk of the country's fertile southern tip it is sometimes forgotten that there are three important oases in Agant and Assaba-Hodh covering a total of 5,000 hectares. About 230,000 people, one-seventh of Mauritania's total population, lives there. They region produces a variety of crops, from corn and barley to sweet potatoes, but particularly notable are the 1.5 million date palms, which produce over 150,000 tons of dates annually.

But again and again, Mauritanian agriculture returns to the central theme of fighting 'desertification.' President Ould Taya, in a recent interview with the EEC-ACP Council in Brussels, managed to strike a note of defiant optimism, in the face of so much prevailing gloom on this subject: "We think the battle will be hard, but it has not been lost," he is quoted as saying. The success is very much on cooperating with Mauritania's Sahelian neighbors in the context of CISS. All in all, it is calculated that some 21,000 hectares of trees need to be planted every year in order to reverse the desertification trend, which is currently threatening the breadbasket along the river. And the resources needed for such a program would be tremendous.

—P.H. Bistouri



Mauritanian nomads await government provisions at their camp.

SOCIETE ARABE MAURITANO IRAKIENNE DE PECHE ARAB-MAURITANIAN-IRAQI FISHING COMPANY (S.A.M.I.P.)

P.O. Box 289 Nouadhibou
Telex: SAMIP 431 MTN

Company with a capital of \$20,000,000
51% Mauritanian shareholding
49% Iraqi shareholding

The company is 100% state-owned, and was set up in 1979 under the terms of an agreement signed by representatives of both countries.

The company is involved in fishing and related activities in Mauritania: production, treatment and sale and marketing of fishing produce.

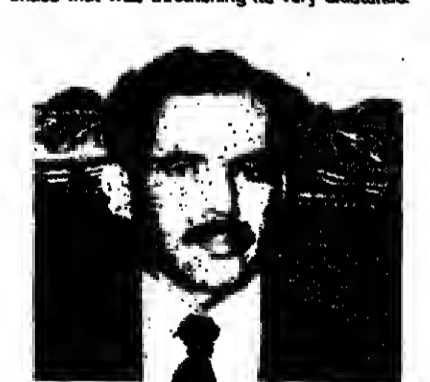
The company's investment programme essentially covers the following sectors:

- Shore-based infrastructure (factory and ancillary installations)
- Acquisition of appropriate equipment, plant, etc.: trawlers, freezers, refrigerators and ice-making facilities.

This programme extends over 10 years and has already been initiated.

Message from the President of the Military Committee for National Safety, Head of State, Colonel Maouya Ould Sid'Ahmed Taya

On 12th December our country celebrated the second anniversary of the 12th December 1984, the date when the Military Committee for National Safety decided to restore peace and order to the country in order to save it from the decline and chaos that was threatening its very existence.



President Colonel Maouya Ould Sid'Ahmed Taya

This was why the participation of all citizens without exception in the task of economic and social recovery will decide the happy outcome of the efforts made by the public authorities. The results hitherto give grounds for optimism: relationships of trust are being established with fraternal countries and close friends, the credibility and respect of state commitments and agreements is being established, the quietude of the citizens and the respect of liberties are recognised, and a programme of economic and financial restoration is being implemented.

This programme, whose validity and seriousness are incontestable, is being encouraged outside the country, and requested and supported inside the country. The programme aims to channel all the forces of the country and put them effectively in the service of the economic and social development of the state.

It is within this context that the Military Committee adopted during its extraordinary meeting held from 4th to 6th August 1986 the draft project setting up the communes. In this connection, it is a matter for the National Directorate to emphasise once more its desire to implement the process of democratisation in the life of the nation.

As regards our external policies, the first task of the Military Committee was to restore our relations with all our fraternal countries and friends. In particular, relationships of fruitful cooperation will

from now onwards link us to all our partners in the Arab Maghreb.

Being a key country between the north and south of the African continent, Mauritania is conscious furthermore of the nature of its relations with the Arab and African world and of the role it has to play in bringing together these two complementary worlds. Being a meeting ground and cross-roads of fruitful exchanges, Mauritania has in fact from a very early time played a predominant role in the spread of Islam and Arab culture throughout Africa. The fame of its philosophers and learned people is well known as far as the Middle East.

Our country should put its traditional vocation at the services of strengthening friendship, understanding and solidarity between peoples. Within the context of inter-African cooperation, our task is to suppress particularisms in favour of community interests by strengthening, for the purposes of unity and solidarity, regional and sub-regional development areas and units by the better integration of our complementary economies.

Within this framework our country will soon be hosting the CEAO summit meeting of which I am the president in office. I should like to take this opportunity to reaffirm that my country is prepared to spare no effort for the success of our regional organisations so that they can stand as an example of cooperation and integration for the greatest good of our respective peoples. In this way we shall have understood the direction and scope of our destiny, that we must together face the demands of a troubled and turbulent period in our history with courage and determination.

It is also our constant wish and our readiness to work without relaxing within the framework of the Arab League, the OAU, the Organisation of Non-Aligned States, the UN, as well as in all those other institutions of which we are members, for the purposes of controlling and settling international conflicts by peaceful means.

Our position in this regard is absolutely clear. We shall continue to support and maintain all causes of justice, freedom and independence throughout the world.

I should like to take this opportunity to pay homage to the valiant Palestinian people as well as to the peoples of Namibia who are still fighting to recover their freedom and independence.

I wish to reiterate to them and to the other peoples that the Islamic Republic of Mauritania is prepared to devote all its efforts on behalf of its fraternal countries and friends in order to advance just causes in the world.

Strong Roots (Continued From Page 8)

French, shortly after 1900, the population was gradually obliged to give up slave trading and warfare, although armed clashes between French soldiers and nomad warriors continued through the 1930s. Sedentary black African peoples began about the same time to trickle back into southern Mauritania, the area from which they had been expelled in earlier years by aggressive Maur nomads.

A major modification of the social structure in the 20th century has been caused by this influx of non-Arabic speaking black peoples from the south. Many of them have settled north of the Senegal River, and only since then have entered the government and society of the new Mauritania at every level. A reaction to this has been recent Maur pressure towards Arabization of all aspects of Mauritanian life — including law, language and dress. The resulting split between those who see Mauritania as an Arab country (mainly Maurs) and those whose seek a more diverse, pluralistic society (mainly black African groups), is one of the most pressing social and political challenges facing the country today.

Mauritania's political orientation and affinities lie with their Arab neighbors to the north. Hence, they belong to the Arab League and the Organization of Islamic Conference and can be expected to vote with the Arab bloc in international forums. As a reflection of their black African ties, they also belong to the Organization of African Unity.

Mauritania became self-governing as the Islamic Republic of Mauritania in November 1958, and shortly thereafter began the process of transferring its administrative services from Saint-Louis, in Senegal, to the new capital at Nouakchott. Mauritania became independent on November 28, 1960. The constitution, adopted in 1961, replaced the former parliamentary type of government with a presidential system. Moktar Ould Daddah, elected the first president in 1961, was re-elected in 1966, 1971, and again at the age of 51 in 1976.

On July 10, 1978 Ould Daddah was overthrown in a bloodless coup d'etat. Power was then assumed by the military committee for national recovery (CMSN). For the next two and a half years power shifted among various members of the Military Committee of National Salvation (SMSN) as the CMSN remains committed to the establishment of democratic reforms and early in 1982 developed a plan to move gradually to increasing civilian participation in national decision-making.

In another bloodless coup, on Dec. 12, 1984, the CSMN was reorganized with President Laya at the helm. His regime is committed to improving racial relations and promoting democratic elections as promised in the wake of the coup. In keeping with this, Mauritians are experiencing their first-ever free elections in 13 municipalities for city councils and mayors. Up to four slates with 36



The culture of rice is relatively new to Mauritania.

candidates each are allowed to participate. To ensure equal representation by different ethnic groups and to avoid partisan politics based on ethnicity, slates must be balanced according to the respective proportions of each group in that municipality. Although political parties are still forbidden, each slate functions similarly to

a party with its own program for promoting development and improving social services to the community. The election campaign formally opened Nov. 28.

Elections could be extended to the smaller municipalities throughout the country. There is even street-talk that legisla-

tive elections are in the not-too-distant future. Although the government of Mauritania is moving slowly and cautiously towards representative government, it is surely a welcome move in the right direction, and as such, is an exciting event for observers from the older democracies of the West. —D.S.

Statistics Index

Table listing various statistics such as ANEX prices, NYSE volume, and Dow Jones Industrial Average.

WEDNESDAY, DECEMBER 31, 1986-THURSDAY, JANUARY 1, 1987 **

Dow Average Slips 3.51 to 1908.61, Page 6.

4 P.M. PRICES DOWN

INTERNATIONAL MANAGER

Many U.S. Firms Fail to Post The Right Man Overseas

By ELIZABETH FOWLER, New York Times Service

NEW YORK — Some U.S. companies are not capitalizing on opportunities to sell more goods and services abroad, according to Egon Zehnder, a large worldwide management consulting firm.

Perhaps the situation has even worsened with the announcement this winter that the Sears World Trade unit had been virtually disbanded, with 300 people losing their jobs.

Companies cannot rely just on foreign nationals as their managers abroad.

"Sears might have succeeded if they had stuck with it longer," said Charles W. Sweet, a partner at A.T. Kearney, a management consulting and recruiting firm.

He agreed with the findings of the Egon Zehnder survey that many chief executives — especially those at middle-sized and small concerns — were not aware of recruiting managers who would encounter in finding globally oriented managers and were not doing enough to train such managers now.

The Egon Zehnder survey, limited to companies that had at least one foreign subsidiary, also found that 96 percent of the respondents agreed that over the next five years "their companies' ability to compete against foreign firms is essential to long-term success."

YET THE SURVEY showed that few companies had managers abroad who could fluently speak the languages of the countries in which they were stationed.

"We wonder how a manager can assess business opportunities in a foreign country if he does not speak the language and has little knowledge of the culture," said Kai Lindholm, managing partner of Egon Zehnder, "Management by walking around, visiting foreign operations and keeping in touch by telephone is not enough."

Companies cannot rely only on foreign nationals as their managers abroad, he said, adding that corporations need top managers who can deal skillfully with the foreign aspects of the business.

Mr. Lindholm thinks that companies will have a hard time finding good managers for world trade operations because so few are being trained now by assignments abroad.

"Such managers will not be available," he said. "The few that are qualified will be working for companies with well-established international units" — including, for example, International Business Machines Corp.

When companies have good managers for foreign assignments, they sometimes fail to cultivate them. Often when these managers come home they are disillusioned because there is no place to put them, and they are used to the pace of life in a foreign setting, said Mr. Sweet of A.T. Kearney.

"I talked to a 35-year-old guy recently who had been president of a foreign subsidiary in the Far East," Mr. Sweet said. "He was brought home from the Far East, where he managed 5,000 people."

Currency Rates

Table showing currency rates for various countries including Australia, Canada, France, Germany, Hong Kong, Italy, Japan, etc.

Table showing interest rates for various currencies and terms, including 1-month, 3-month, and 6-month rates.

Interest Rates

Table showing interest rates for various currencies and terms, including 1-month, 3-month, and 6-month rates.

U.S. Money Market Funds

Table showing U.S. money market funds with columns for fund name, assets, and returns.

Gold

Table showing gold prices for various locations including Hong Kong, London, and Zurich.

Markets Closed: Stock markets were closed in Japan Tuesday for a holiday.

MD-11 Jet Is Given Go-Ahead

52 Orders Cited By McDonnell

Compiled by Our Staff From Dispatches

LOS ANGELES — McDonnell Douglas Corp. directors have launched the long-stalled program to build the MD-11 wide-body, three-engine jetliner, a larger version of the veteran DC-10.

"We have been authorized to proceed," a McDonnell Douglas spokesman said Monday at a special board meeting Monday at the company's headquarters in St. Louis during which 52 firm orders were announced.

At a news conference on Tuesday, James Worsham, president of the company's Douglas Aircraft Division, said McDonnell Douglas expected to sell 350 MD-11 jets by the year 2000.

Mr. Worsham said that in addition to 12 customers who have already placed the 52 orders and taken 40 options for the aircraft, McDonnell Douglas was negotiating with 17 more customers. These include United Airlines' parent, UAL Inc., and American Airlines' parent, AMR Inc.

He placed the value of the orders and options at \$9 billion.

Wall Street analysts said McDonnell Douglas's cash outlays for the program would weaken earnings growth for at least the next three years.

A company spokesman said McDonnell Douglas would spend up to \$1.4 billion by the time the first MD-11 rolls off the assembly line in early 1990. This includes \$500 million for development costs and the rest for tooling, inventory and labor.

The new plane, like its forerunner, will be produced in Long Beach, California, in a program that will mean thousands of new jobs in Southern California during the next few years.

In Greenwich, Connecticut, Rolls-Royce Inc., the U.S. unit of Rolls-Royce Ltd., said it was negotiating to sell engines for the MD-11. The company said it planned to complete an agreement in early 1987.

See MD-11, Page 15

Shipping: 'A Piece of Ice in the Sun'

As Freight Rates Slip, Some Boats Go for Scrap

By Nicholas D. Kristof, New York Times Service

HONG KONG — This shipping center mourned last month as T.Y. Chao sold his collection of jade, lovingly assembled over a lifetime, to help pay his shipping company's \$850 million in debts.

Mr. Chao, whose Wah Kwong Shipping & Investment Co. is undergoing a painful restructuring with creditor banks, raised less than \$110 million from the sale of his jade.

It was a reminder that an industry that created so many fortunes in the past is now erasing them at a dizzying pace.

From the port of Los Angeles to the docks of Liverpool to shipyards in South Korea and Japan, the shipping world has been turned upside down by five catastrophic years of tumbling freight rates, rising costs and declining values of used ships.

While the problems are rooted in a cyclical excess of capacity, many executives say that the current downturn is so deep and traumatic that the industry is changing permanently.

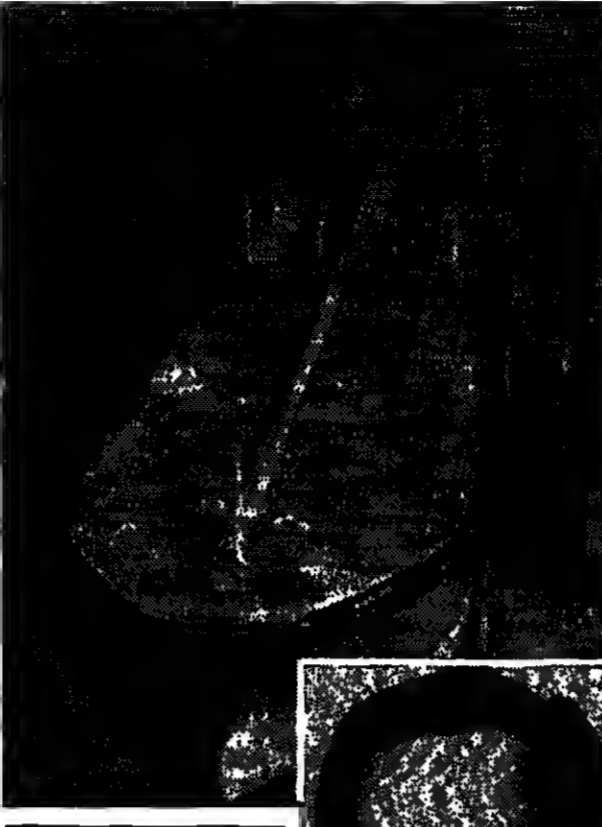
"Shipping is like a piece of ice under a hot sun," said Frank W.K. Tsao, chairman of International Maritime Carriers, one of Hong Kong's biggest shipping companies.

"There used to be hundreds of ship-owning companies in Hong Kong. Now, out of every 10, eight are bankrupt. And the survivors are badly wounded."

Just last month, McLean Industries, an American company whose U.S. line unit is one of the world's largest container shippers, sought protection from its creditors under Chapter 11 of the U.S. bankruptcy code as it worked out how to pay its debts.

Japan Line Ltd., one of the biggest tanker operators in the world, asked its bankers for help this month in reorganizing the company.

Ships that were built for \$50 million a half-dozen years ago sometimes are sold as scrap for \$5 million. Shipowners who once earned \$20,000 a day on a charter now are happy to accept



Since this ship was rebuilt as the world's largest tanker in 1980 for the Tung shipping group, a slump has forced the company to restructure its debt. Inset, Sir Yue-Kong Pao, the Hong Kong shipping magnate, who is buying vessels at rock-bottom prices.

\$5,000 a day. And just Monday, the Organization for Economic Cooperation and Development reported that new orders for ships fell 33 percent in the first nine months of 1986 compared with the 1985 period.

In October 1973, the freight charges of a crude-oil cargo on a supertanker voyage from the Gulf to Western Europe amounted to 106 percent of the value of the cargo; by last year, the freight rate had fallen to 3 percent of the oil's value.

Tanker freight rates and the prices of used tankers have risen somewhat since then, and some shipping executives say they believe that the worst is over.

Last summer, some ships were on the way to scrap yards when they were called back in mid-ocean because of rising tanker freight rates and ship prices. Rates and prices subsequently dropped again, although not enough to kill the optimism among tanker operators.

But many executives and analysts note that shippers have often clutched for signs of an uptick.

These experts say that demand eventually will catch up with the See SHIPPING, Page 17

Soviet Biggest Borrower in First Half, BIS Says

Compiled by Our Staff From Dispatches

BASEL — The Soviet Union led the list of borrowers from international banks during the first half of 1986, according to a survey published Tuesday by the Bank of International Settlements.

The Soviet Union secured \$2.3 billion in new funds from the reporting banks in 17 Western countries, most of it in long-term loans, according to the institution, which acts as a bank for central banks.

Among East European borrowers, East Germany and Hungary followed with \$400 million each in new funds.

Claims on Poland, the biggest East European debtor, declined by \$500 million. The bank said that

the decrease was largely "a result of write-downs and transfers of claims to export credit insurance institutions."

Members of the Organization of Petroleum Exporting Countries "strongly reduced" their deposits with the reporting banks" during the first half of 1986, the bank said.

Claims on OPEC countries declined by a net \$1.7 billion. Decreases in the loan burden of Saudi Arabia, the United Arab Emirates, Kuwait, Nigeria and Venezuela set the trend.

Iraq was the principal OPEC borrower of new funds at \$900 million, followed by Algeria at \$800 million and Indonesia at \$300 million.

In addition, Iraq and Indonesia obtained "substantial new credit facilities," the survey said.

China, which borrowed \$3 billion in the last half of 1985, reduced its banking debts by \$1.7 billion, with repayments affecting only short-term credits.

The report confirmed earlier evidence of a decline in new lending by major banks to heavily indebted countries.

The Philippines, at \$500 million, and India, at \$400 million, were the only sizable borrowers of new funds in Asia.

Argentina was the principal borrower of new funds among Latin American countries during the first

half of 1986, obtaining \$800 million while reducing its unused credit facilities by \$500 million to \$1.5 billion.

Claims decreased on Mexico by \$800 million, on Brazil by \$700 million and on Colombia by \$400 million, the BIS said.

But undischarged credit commitments expended by \$800 million to Mexico, \$900 million to Brazil and \$400 million to Colombia, according to the survey.

If the distortion caused by a weaker dollar were eliminated and other technical adjustments were made, net lending actually fell \$1.7 billion in the first half of 1986, the report said.

The desk diary that picks up and goes with you

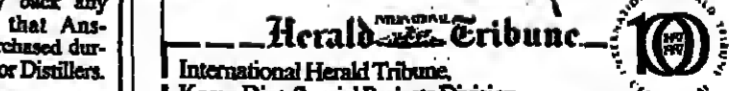
Half your life's story — or even more — is inscribed on the pages of your desk diary. Yet when you travel or go to meetings, most desk diaries are too cumbersome to take along.

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Saudi Budget Will Protect Subsidies

Fahd's Speech Indicates Capital Spending Will Be Cut

Reuters

MANAMA, Bahrain — Saudi Arabia is ready to unveil a tight budget, but it is clear that cuts will be aimed at capital spending and will not affect food subsidies or sensitive areas of social welfare, economists said Tuesday.

King Fahd, in a speech Monday ahead of detailed publication of a 1987 fiscal plan, spoke of a "reduction" in the budget, but stressed that it would be acceptable to the nation.

One economist said, "It is clear that Saudi Arabia is trying to cut, but without hurting the people."

The Saudi cabinet ratified the budget Monday, but did not make it public, ending nine months of uncertainty during which plans were twice postponed because of falling oil prices.

The fiscal year has now been redefined to coincide with the Gregorian calendar. The last fully budgeted fiscal year, on the Islamic calendar, ended on March 10, 1986. During the hiatus, government spending was calculated on a month-by-month basis.

Only the publication of complete figures, which is expected Wednesday, will show the extent to which Saudi Arabia is prepared to cut spending and minimize the drain on reserves caused by three consecutive years of budget deficits caused by falling oil revenue. In the last year, oil prices declined 50 percent to average under \$15 a barrel.

But economists said the tone of King Fahd's statement clearly indicated that further cuts would probably fall on capital expenditure. He said capital spending in the coming year would probably total 50 billion riyals (\$13.3 billion).

Spending in this sector has been declining as major infrastructure projects in the kingdom have been completed. But in the 1985-86 bud-

Morgan Grenfell Quits as Adviser To Guinness

The Associated Press

LONDON — Morgan Grenfell Group PLC said Tuesday that it was quitting as financial adviser to Guinness PLC, the big distiller group that is under investigation for possible securities violations.

The merchant bank also said that Roger Seelig, the chief adviser to Guinness during its \$2.7 billion (\$3.9 million) bid for Distillers Co., earlier this year, had resigned as a director of Morgan Grenfell & Co. and other group subsidiaries.

The merchant bank Henry Ansbacher & Co. has alleged that Mr. Seelig gave it an informal order to buy back any Guinness shares that Ansbacher's clients purchased during the bitter fight for Distillers.

If Guinness ordered the purchase of its stock through Morgan Grenfell, it may have broken British law.

As a result, Saudi production, which once ran as high as 10 million barrels a day, fell to a third that.

Weekly net asset value on 29-12-1986 US \$28.30

Listed on the Amsterdam Stock Exchange

Information: Pierson, Helder & Pierson NV, Herengracht 21A, 1016 BS Amsterdam.

LUXFUND SOCIETE ANONYME D'INVESTISSEMENT Valeur nette d'inventaire au 29-12-86 U.S. \$118.04

CONSEILLER EN INVESTISSEMENT PAUL-LEONARD FINANCE 24, RUE MULLER 11-75008 PARIS

Asia Pacific Growth Fund

Weekly net asset value on 29-12-1986 US \$28.30

Listed on the Amsterdam Stock Exchange

Information: Pierson, Helder & Pierson NV, Herengracht 21A, 1016 BS Amsterdam.

Weekly net asset value on 29-12-1986 US \$28.30

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Weekly net asset value on 29-12-1986 US \$28.30

Listed on the Amsterdam Stock Exchange

Commodities Push Indicators Up 1.2% in U.S.

The Associated Press

WASHINGTON — The U.S. government said Tuesday that its main barometer of future economic activity shot up 1.2 percent in November from October, the largest increase in seven months, largely on price changes for lumber, iron and steel scrap and other sensitive commodities.

The Commerce Department said the gain last month in its Index of Leading Indicators was more than double the revised 0.5-percent increase in October and the biggest since a 1.2-percent rise in April. The October gain was originally reported at 0.6 percent.

Analysts, however, cautioned against reading too much into the November gain, contending it was more a reflection of short-term economic activity than an indication of future strength.

Economists believe that while the economy is performing well at present, it will slow down substantially early next year as the new tax law has an adverse initial impact.

The biggest contributor to the November improvement came from a rise in prices for raw materials, particularly lumber, iron and steel, aluminum and cattle hides.

Rising commodity prices are thought to forecast higher demand and, thus, faster growth.

But analysts noted that rising prices can also signal a pickup in inflation, which would be a drag on economic growth.

It was the second consecutive month that the index's strength came from a big jump in commodity prices. Without the price rise, the index would have been up only 0.7 percent in November.

In all, eight of the index's 11 barometers gained last month: stock market prices, average work week orders for business equipment, building permits, and money supply. Also providing strength were a change in delivery times on business orders and a drop in initial unemployment claims.

Three barometers held back growth in the index: a drop in business and consumer credit, manufacturers' orders for consumer

New-Home Sales In U.S. Declined 2.2% in Month

The Associated Press

WASHINGTON — U.S. sales of new homes fell 2.2 percent in November, marking the seventh decline in the last eight months, the government reported Tuesday.

The Commerce Department said new single-family homes were sold at a seasonally adjusted annual rate of 661,000 units in November following a revised 7.8-percent decline in October.

Since they reached 924,000 units in March, sales have declined in every month except September. Even with the continued decline, total sales for the first 11 months of the year are running 9.2 percent ahead of the comparable 1985 period.

The sales of new homes are in contrast with sales of existing homes, which hit an annual sales rate of 3.92 million units in November, the highest level in seven years.

The department said Tuesday that beginning with the February index, it would drop net business formation from the index. "This series has deteriorated as a measure of change" in the number of American businesses, it said.

The 1.2-percent rise was slightly higher than most private analysts had expected. But economists cautioned that much of the growth reflected a last-minute buying spree by businesses and consumers who are rushing to take advantage of expiring tax breaks before the new tax law takes effect on Jan. 1.

Many analysts believe that the economy, as measured by the gross national product, the total value of goods and services, is growing at close to a 3-percent rate in the current October-November quarter.

مركزنا من الأصل

BUSINESS ROUNDUP

ITT and CGE Launch Their Venture

By Axel Krause
International Herald Tribune

PARIS — Cie. Générale d'Électricité of France and ITT Corp. of the United States signed agreements in Brussels Tuesday establishing the world's second-largest telecommunications group.

Despite last-ditch efforts to join the venture, however, Spain's Cie. Telefónica Nacional de España SA was not part of Tuesday's agreement. A spokesman for the state-owned utility told Reuters in Madrid: "We have advised CGE we maintain our terms for a possible participation."

Major snags arose over Telefónica's industrial and financial involvement, which CGE negotiators said Tuesday probably could not be resolved.

"They wanted too much," a CGE executive said, commenting on Telefónica's insistence on managerial roles in the venture in which it was ready to invest about \$300 million for a 10-percent share.

CGE, which will manage the venture with a controlling 55.6-percent share, will pay \$1.25 billion in cash for ITT's West European telecommunications business, while \$800 million in debt on ITT's books will be transferred to the new venture.

Initially, ITT was to receive \$1.5 billion, but the amount was reduced because its 24-percent interest in Standard Telephone & Cables PLC of Britain will be excluded from the venture.

ITT, as previously announced, will obtain a 37-percent share in the company, whose consolidated annual sales will total \$12.5 billion.

ITT said the joint venture consists of its worldwide telecommunications and business systems operations, its European-based consumer electronics interests, CGE's Alcatel telecommunications business and 65 percent of the stock of CGE's subsidiary, Câbles de Léon.

ITT said that while it remains a multinational company with \$17.5 billion in sales and revenues, services — especially insurance and finance — will now become a relatively larger part of the company.

In a joint announcement, CGE and ITT said that France's state-owned Crédit Lyonnais bank would take a 1.7-percent share in the new company, called Teleglobal Communications NV, and invest about \$75 million. The other participants, as expected, will include Société Générale de Belgique, Belgium's largest financial holding company, which will obtain 5.7 percent and invest \$250 million.

Taking into account current orders and installed telecommunications capacity worldwide, Teleglobal will be No. 2 in world telecommunications sales after American Telephone & Telegraph Co., according to analysts.

AT&T had 1985 revenue of \$35 billion.

"The new ITT-CGE venture and AT&T are now going to be very close in sales, but the important question is how successfully the new company will be managed," said John B. Abbink, international equity analyst for Merrill Lynch, Pierce, Fenner & Smith Inc., a large New York brokerage firm.

Commenting on CGE's recent estimates that the new company would have earned only about 2 percent of sales this year, Mr. Abbink said in a telephone interview that those estimated profits were "too low" compared with other world-class telecommunications companies.

"They are going to have to get more revenues coming in from System 12, the ITT digital switch, and they will have to start streamlining management and research operations in order to boost profits," Mr. Abbink said.

Gulf Air Reports 1986 Loss; Sees Red Ink Till '88

Reuters

MANAMA, Bahrain — Gulf Air, one of the largest Middle Eastern carriers, said Tuesday it had a loss for 1986 and that it did not expect to return to profit until 1988 despite plans to cut 550 jobs.

The airline's chief executive, Ali al-Malki, put the 1986 loss at "less than 5 million Bahraini dinars" (\$13.3 million), after a 1985 profit of 13 million dinars. He attributed the decline to the recession caused by slumping oil prices as well as price discounting among airlines.

Gulf Air's plan to lay off 550 workers, or 10 percent of the work force, has stirred protest here. A special board meeting has been set for Saturday to discuss the issue.

Mr. Malki said the layoffs would save 4 million dinars, but this would only reduce operating losses in 1987.

Gulf Air is owned by Bahrain, Qatar, Oman and the emirate of Abu Dhabi.

BUSINESS PEOPLE

De Larosière in Running for French Bank Post

International Herald Tribune

The search is on for a governor of the Bank of France to replace Michel Camdessus, who was elected managing director of the International Monetary Fund this month.

According to sources in Paris, there are at least two candidates for the central bank post, including Jacques de Larosière, whom Mr. Camdessus is replacing at the IMF. Mr. de Larosière, 57, has headed the IMF, which is based in Washington, for the last eight years.

Speculation that France was planning for the two men to exchange jobs led to some initial opposition to Mr. Camdessus's IMF candidacy among countries worried that the job should not be regarded as a French preserve.

Another possible candidate to head the Bank of France is Daniel Lebeque, who has been director of the French Treasury since 1984 and who, at 43, would bring an even more youthful flavor to the bank than did Mr. Camdessus, 10 years his senior.

L.F. Rothschild, Unterberg, Towbin Holdings said in New York that Thomas I. Unterberg and A. Robert Towbin would receive a total of more than \$15 million under the terms of their previously announced agreement to resign. They decided to leave after losing a board vote Dec. 12 over the direction and management of the firm.

Mr. Unterberg, who had been chairman and chief executive of the investment banking house, will receive \$1.67 million over a two-year period, and be paid \$7.98 million for his 613,979 shares in the company, or \$13 a share.

The firm, which has said it is likely to change its name next year to reflect the departures, agreed to pay Mr. Towbin, who had been a vice chairman, \$1.34 million over two years and \$5.59 million for his 429,787 shares.

Dillon, Read & Co., the U.S. investment banking firm, and its British affiliate, Dillon, Read Ltd., have announced the appointment of Christopher Kemball as a managing director of Dillon, Read & Co. and as executive managing director of Dillon, Read Ltd. Before joining Dillon Read, Mr. Kemball was a director of Kleinwort Benson Ltd. and vice chairman of its U.S. holding company. He will be based in London.

Mitsubishi Trust Finance (Asia) Ltd. announced that Takao Kikukawa has been appointed director and general manager of the company, the merchant-banking arm of Mitsubishi Trust & Banking Corp. in Tokyo. Mr. Kikukawa, formerly chief manager of the Mitsubishi Trust branch in Hong Kong, will be in charge of the off-shore primary market.

The Pacific Stock Exchange said in Los Angeles that it had named Maurice Mann as its chairman and chief executive officer. Mr. Mann, formerly vice chairman of Merrill Lynch Capital Markets, will replace Charles Rickshauer, who resigned in April to practice law.

Black & Decker Corp. has named Nolan D. Archibald, its president and chief executive officer, to the additional post of chairman. He will fill the vacancy left by the retirement of Laurence J. Farley in November.

KLM Royal Dutch Airlines has named Pieter Bouw as managing director of its management team, effective Sept. 1, 1987. Mr. Bouw is now vice president and area manager of KLM-USA. The airline said it had appointed L.J. van Ameyden as deputy president of the management team.

Trans-Canada Resources Ltd. said in Calgary, Alberta, that B.A. MacDonald had been elected chairman and M.R. Reynolds president and chief executive officer. Mr. Reynolds succeeded Mr. MacDonald, who moved to the newly established position.

J.P. Stevens & Co. has named Ward Burns, the president of the textile company, as vice chairman. Marvin B. Crow, an executive vice president, succeeded Mr. Burns as president. Mr. Burns remains the second-ranked executive under Whitney Stevens, the chairman and chief executive.

New York Fed Names Opel as Its Chairman

Reuters

NEW YORK — The Federal Reserve Bank of New York has appointed John R. Opel chairman of its board for 1987.

Mr. Opel, former chairman of International Business Machines Corp., succeeds John Brademas, president of New York University, who has completed his fourth one-year term as chairman. He will remain a Class C director until 1989. Virginia Dwyer, former senior vice president at American Telephone & Telegraph Co., was named deputy chairman.

Fermenta Audit Cuts Profit By 55%, Citing Hidden Data

Reuters

STOCKHOLM — Auditors for Fermenta AB reduced the profit posted for the first eight months of 1986 by 55 percent Tuesday, saying that key financial information had been concealed by the Swedish biotechnology group's directors.

The auditors told shareholders at a meeting that transactions totaling about 500 million kronor (\$73.4 million) had been incorrectly registered in the company's books, casting doubt on the company's performance for 1986.

Shareholders also elected a new board of directors that called for a period of stability and consolidation following recent crises.

Lars Landstrom, Fermenta's new deputy managing director, said that as a result of the auditors' findings, the eight-month profit after allocations and net financial items would be recorded as 159 million kronor rather than 353 million kronor, the figure originally posted in October.

The forecast of 1986 profit after allocations and net financial items was reduced to 40 million kronor from 700 million kronor, he added.

One of the auditors, Ake Danielsson, said that Fermenta's eight-month results "contained items of business that had not been transacted during the period in question."

He said that Fermenta's founder and former principal shareholder, Refaat el-Sayed, an Egyptian-born naturalized Swede, had admitted using cash from personal loans and transactions to boost the revenue and profit margins of his company.

"Refaat el-Sayed had a dominant role and has actively run the business on his own," Mr. Danielsson said. "The board as a whole and the auditors have had information concealed from them in a wholly unacceptable way."

He said that the auditors had not decided whether they considered Mr. Sayed's financial transactions to be illegal.

Mr. Sayed defended his actions at the meeting, saying that any transactions made in his own name were for the sake of the company.

Fermenta's new chairman, Kjell Brandstrom, is managing director of the investment concern Industrivärdar AB, which took over a 46-percent stake in the biotechnology company after Mr. Sayed was unable to pay his debts earlier this month.

Nippon Steel Sets Plan With Inland

Agence France-Press

TOKYO — Nippon Steel Corp., Japan's leading steel-maker, will start steel-sheet production in the United States in 1987 jointly with Inland Steel Co., the fourth-biggest U.S. steel company, Nippon sources said Tuesday.

Inland will own 60 percent of the new company, to be capitalized at \$150 million, and Nippon the rest, the sources said.

The partners, who began talks in September 1985, will invest \$400 million in a sheet-rolling mill to produce 1 million tons of high-grade steel sheet annually for Japanese auto-makers operating in the United States. It will be Nippon's first overseas steel venture.

COMPANY NOTES

Alaska Air Group, Inc. said that 83 percent of Horizon Air Industries Inc.'s outstanding common shares had been tendered or purchased under Alaska's \$66 million offer to acquire the regional airline. About 60 percent of Horizon's convertible preferred stock has been tendered or purchased, it added.

Atlantic Richfield Co. said it would cut its capital spending to \$1.6 billion in 1987, a 20-percent decrease from this year's levels. It said that three-fourths of the reduction would reflect smaller outlays in Alaska, where major projects on North Slope oil fields were completed this year on schedule.

BankAmerica Corp. will close its Copenhagen branch Wednesday as part of a series of cutbacks following heavy losses, an officer of the bank said. The official said that Bank of America would conduct its Scandinavian business from London in the future.

Deutsche BP AG of Hamburg, the German subsidiary of British Petroleum Co., said it expected to post an operating profit of more than 100 million Deutsche marks (\$31.1 million) for this year, more than two and a half times its 1985 profit of 35 million DM. A spokesman said that the increase was the result of a reorganization and a cut in surplus refining capacity.

Pratt Hotel Corp. of Dallas said its Ph Acquisition Co. subsidiary had extended its \$135-a-share offer for all of Resorts International Inc.'s class B shares to midnight Jan. 15. The original deadline was Monday. Pratt said the deadline was extended because shares representing 51 percent of Resorts' voting power had not been tendered.

Sanyo International (H.K.) Ltd. is raising a loan of 1 billion Hong Kong dollars (\$128.3 million) to finance a 500-room Ramada hotel and commercial complex in Hong Kong, the lead manager, Standard Chartered Asia Ltd., said. The 12-year loan is guaranteed by four unidentified companies in Japan.

Time Inc. said it had sold its 45-percent interest in the landmark Time-Life building for \$118 million in another cost-cutting move linked to possible takeover threats and a decline in national advertising. The purchaser of the 48-story building was its majority owner, Rockefeller Group Inc., the holding company established by the heirs of John D. Rockefeller to oversee the Rockefeller Center office complex in Manhattan.

Yamaha Motor Co. Ltd. will hold 40 percent of a \$23 million joint venture in Bangkok to manufacture 120,000 motorcycle engines annually, its local partner, Siam Yamaha Co. Ltd., said. Siam Yamaha said that production would begin in late 1988.

MD-11: McDonnell to Launch Jet

(Continued from first finance page)


McDonnell Douglas officials said earlier that 20 firm orders, including one from a major U.S. customer, would be needed to launch the MD-11 program.

The MD-11 is a stretched version of the DC-10, with new engines, redesigned wings, an updated cockpit and more room for passengers and cargo. The plane is expected to carry 300 travelers.

In Paris, a spokesman for the Airbus consortium said it intended to push ahead with plans to build its A-340 long-range jet despite McDonnell Douglas's decision.

"Our assessment assumed that the MD-11 would be launched," the Airbus spokesman said Tuesday. He added that the consortium was still confident of being able to launch the A-340 by its target date of March 1987.

(LAT, Reuters)



1987

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We wish all our friends and clients another prosperous year.

Dresdner Bank

سكرا من الأصل

Tuesdays AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

17 Month	High	Low	Stock	Div.	Yld.	PE	High	Low	Stock	Div.	Yld.	PE	High	Low	Stock
17	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI
17	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI
17	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI

17 Month	High	Low	Stock	Div.	Yld.	PE	High	Low	Stock	Div.	Yld.	PE	High	Low	Stock
17	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI
17	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI
17	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI

17 Month	High	Low	Stock	Div.	Yld.	PE	High	Low	Stock	Div.	Yld.	PE	High	Low	Stock
17	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI
17	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI
17	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI

17 Month	High	Low	Stock	Div.	Yld.	PE	High	Low	Stock	Div.	Yld.	PE	High	Low	Stock
17	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI
17	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI
17	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI	1.20	10.0	10.0	14.98	14.75	ACI

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 30 Dec. 1986

Not exact value quotations are supplied by the Funds listed with the exception of some quoted based on lower prices. The numerical symbols indicate whether the Funds listed with the exception of some quoted based on lower prices.

Fund Name	Price	Fund Name	Price	Fund Name	Price
ALMA MANAGEMENT	1.25	ALMA MANAGEMENT	1.25	ALMA MANAGEMENT	1.25
ALMA MANAGEMENT	1.25	ALMA MANAGEMENT	1.25	ALMA MANAGEMENT	1.25
ALMA MANAGEMENT	1.25	ALMA MANAGEMENT	1.25	ALMA MANAGEMENT	1.25

Floating-Rate Notes

Issuer/Note	Rate	Issuer/Note	Rate
1.000000	1.000000	1.000000	1.000000
1.000000	1.000000	1.000000	1.000000
1.000000	1.000000	1.000000	1.000000

THE BELLE EPOQUE

IN THE PARIS HERALD

by Hebe Dorsey

First hand reports of the glories, glamorous lives of turn-of-the-century international society and the events that influenced their lives.

Hardcover, 224 pages, 147 illustrations, 16 in color. 29 X 24.5 cm (11 1/4 X 9 1/4 in approx.)

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City and Code _____
Country _____ 31-12-86

Issuer/Note	Rate	Issuer/Note	Rate
1.000000	1.000000	1.000000	1.000000
1.000000	1.000000	1.000000	1.000000
1.000000	1.000000	1.000000	1.000000

CURRENCY MARKETS

Dollar Ends

Carbond Prices

Off to 1-Point

OTC

Prices

CURRENCY MARKETS

Dollar Ends Mixed in N.Y., Europe

NEW YORK — The dollar was mixed Tuesday in New York and Europe. Dealers said it rallied after the U.S. government said the index of leading indicators, the main barometer of future economic activity, rose strongly in November, but that the rally failed to take hold.

Table with 3 columns: Currency, Bid, Ask. Includes Deutsche mark, French franc, Swiss franc, and Japanese yen.

London Dollar Rates
Deutsche mark 1.948 1.948
French franc 162.8 162.8
Swiss franc 1.628 1.628
Japanese yen 162.8 162.8

German marks early in 1987," Mr. Harris said. Dealers and analysts in Frankfurt predicted that the dollar would slide to 1.85 DM or below in the weeks following the return of most traders on Monday.

France Raises Key Rate as Franc Slumps

PARIS — The Bank of France raised a key interest rate Tuesday to 8 1/2 percent from 7 1/2 percent after the French franc slumped to record lows against the Deutsche mark.

SHIPPING: Amid Global Glut, a Freighter May Fetch More as Scrap

(Continued from first finance page) supply of ships. But they warn that a new spree of shipbuilding could add to the existing glut of capacity, postponing any recovery even further.

The leading shipbuilder, is likely to continue to lose business to South Korea because the rise in the Japanese yen boosts Japanese prices.

Here in Hong Kong, a territory consisting of a peninsula and scores of islands, the economy is strong enough to compensate for the weakness in shipping.

Kong shipping magnate whose sense of timing is legendary, has begun buying tankers since this year, at rock-bottom prices from Korean shipyards.

Eurobond Prices Off 1/8 to 1/2 Point

LONDON — Eurobond prices ended easier Tuesday in extremely quiet trading. Most firms were effectively closed until Monday, dealers said.

Continental Revises FDIC Loss

CHICAGO — Continental Illinois National Bank & Trust Co. has estimated that the Federal Deposit Insurance Corp. will lose \$1.6 billion on the troubled loans that the agency assumed as part of the \$4.5 billion federal plan to rescue the bank.

U.S. Tells AT&T to Cut Long-Distance Rates

WASHINGTON — The U.S. Federal Communications Commission ordered American Telephone & Telegraph Co. on Tuesday to cut long-distance rates by an average of 11 percent, effective Jan. 1.

MANAGER: Many Firms Post Wrong Men Abroad

(Continued from first finance page) employees, to a single-function staff job in which he is not interested, at the same pay or a little more.

For example, Mr. Lindhoist cited the metric system, which is widely used outside the United States. In recent years some companies have been slowly replacing the U.S. system of feet and miles with meters and kilometers.

He suggested that parts of corporate training programs be given by the foreign managers and that foreign managers be given more recognition in the making of policy.

should think in global terms," he said. Mr. Lindhoist stressed language skills, such as a good knowledge of French and Spanish business terms, as well as the need to live in a foreign country for a few years to absorb the culture.

Tuesday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. Via The Associated Press.

Table with 4 columns: 12 Month High Low, Div. Yld., 1986 High Low, 4 P.M. Close. Includes various stock symbols.

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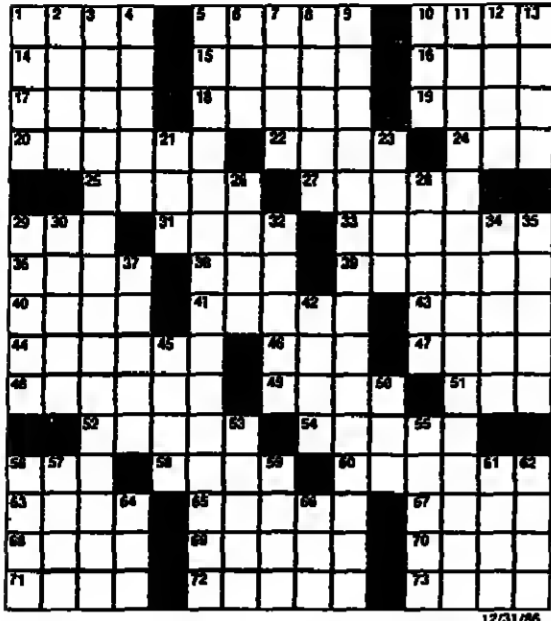
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ACROSS

1 Flout
5 Sheet of
10 Blue-green
14 Hedgepodge
15 Symbol of
perfection
16 Ladder part
17 Departed
18 Savile Row
thread
19 "Kiss Me,
..."
20 Currently
existing
22 Com'l notice
24 "Spare the
..."
25 Nobelist
Wiesel and
namesakes
27 Fermentation
agent
29 Compass pt.
31 Annealing
oven
33 Most delightful
36 Cans, to
Londoners
38 Coretta King,
— Scott
39 Companions of
fauna
40 City in Greece
41 Ovid's "I
touch"
43 Certain news
trp.
44 Malenkov or
Zarubin

DOWN

1 Part
2 Author Haley
3 An exciting
moment on
Dec. 31
4 Sum
5 11:45 A.M.,
6 March 15, in
arr.
68 Opposite of
arr.

7 Tropical tree:
Var.
8 Robust; strong
9 Same as 3
10 Nosh's vessel
11 Same as 3
12 Biblical
Down
13 Ripened
14 Zich
15 Follow closely
16 Mets' home
17 Frown angrily
18 Phase
19 Tempress
20 Descartes and
Coty
21 Hindu title of
respect
22 Sea birds
23 Actress
Bernhardt
24 Costume
25 Donates, to
Burns
26 Tibetan
gazelles
27 Actual
28 Vegas
29 Opposite of
arr.

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PEANUTS



BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



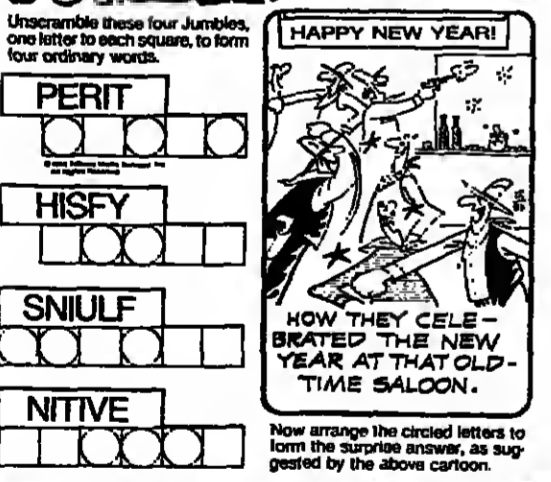
JUMBLE



DENNIS THE MENACE



JUMBLE



WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Athens	54	41	Bangkok	84	71
Amsterdam	48	35	Beijing	41	28
Antwerp	41	28	Hong Kong	61	48
Berlin	41	28	Manila	81	68
Bombay	81	68	New Delhi	81	68
Buenos Aires	61	48	Shanghai	61	48
Calcutta	81	68	Tokyo	51	38
Cardiff	41	28	Yokohama	51	38
Chicago	41	28			
Cincinnati	41	28			
Cleveland	41	28			
Dallas	41	28			
Denver	41	28			
Detroit	41	28			
Houston	41	28			
Los Angeles	41	28			
London	41	28			
Madrid	41	28			
Mexico City	41	28			
Moscow	41	28			
New York	41	28			
Paris	41	28			
Philadelphia	41	28			
Pittsburgh	41	28			
Portland	41	28			
San Francisco	41	28			
Seattle	41	28			
St. Louis	41	28			
Washington	41	28			

BOOKS

IN THE HOLLOW OF HIS HAND

By James Purdy. 254 pages. \$16.95. Wadsworth & Nicholson, 9 East 40th Street, New York, N.Y. 10016.

Reviewed by Hilary Masters

SINCE the publication of his short-story collection "Color of Darkness" and the novel "Malcolm" almost 30 years ago, James Purdy has excelled powerful differences of opinion. Essential, sometimes cruelly, dark of humor and often dense in its philosophical perspective, Purdy's fiction — the current novel is his 13th — has established his reputation as a "permanent traitor," to use his description of one character, in the American school of contemporary literature.

"In the Hollow of His Hand" reaffirms these credentials as it presents a story whose subject and personae will be familiar to Purdy's fans. The plot is set in motion when Decatur, an Ottawa Indian, returns from World War I to Yellow Brook, Ohio, to claim as his son Chad Coultas, sired one afternoon 14 years before while Eva Coultas was under the influence of her mother's homemade headache elixir. Chad is kidnapped by Decatur and propelled into an odyssey of trials and initiations that serve as stage sets for the author's contempt for American family life, racial attitudes and jurisprudence. Chad neither learns from nor reflects upon what befalls him but accepts the events of his journey with a kind of paralyzed awe. The novel concludes on a note of triumph.

The landscape of the novel is peopled with characters as broad as any to be found in Dickens. Lewis Coultas, Chad's supposed father, is a me/-do-well. There are fake and real Indians, rascally lawyers and detectives, and a stock company of rapacious, sometimes smothering women. The lack of human depth in Purdy's people, their Diane Arbus grotesquerie, puts some readers off, as does his indifference to place and time.

If Purdy writes out of anger toward institutions that have orphaned the American spirit,

BOOKS

with anger toward material vulgarities that smother the free soul, he does offer us an artist's kind of redemption with "In the Hollow of His Hand," one that gives up a prayer if not a solution, and who is to say which is the more effective? Meanwhile, those of us who cannot share his anger should at least give it some thought by reading him.

Hilary Masters, author of "Last Stand: Notes From Memory" and "Hammerstein Rising," wrote this review for The Washington Post.

BEST SELLERS

The New York Times
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

Rank	Title	Author	Weeks on List
1	IT	Stephen King	16
2	WHEEL WIND	James Clavell	8
3	RED STORM RISING	Tom Clancy	22
4	THE LAST OF THE MOOSE	E.D. James	11
5	THE PRINCE OF TIDES	Pat Conroy	11
6	HOLLYWOOD HUSBANDS	Jackie Collins	11
7	FLIGHT OF THE INTRUDER	Stephen Coonts	11
8	FOUNDATION AND EARTH	Isaac Asimov	11
9	WANDERLUST	Danielle Steel	11
10	LAST OF THE BREED	Louis L'Amour	12
11	THE GOLDEN CUP	Belva Plain	12
12	THE POLAR EXPRESS	Chris Van Allsburg	12
13	THROUGH A GLASS DARKLY	Kedron Keen	11
14	ROGER'S VERSION	John Updike	13
15	THE BEST QUEEN	Lois McMaster Bujold	14

Rank	Title	Author	Weeks on List
1	FATHERHOOD	Bill Cosby	34
2	A DAY IN THE LIFE OF AMERICA	Colleen McCullough	2
3	HIS WAY	Kitty Kelley	12
4	MCMARION	by Ed McBain with Bob Verrell	14
5	WORD FOR WORD	Andrew A. Rooney	2
6	JAMES HEPPITT'S DOG STORIES	James Herriot	2
7	LIFE THE FIRST FIFTY YEARS, 1936-1986	John Edgar Hoover	6
8	THE CHRISTMAS KITTEN	James Herriot	8
9	YOU'RE ONLY OLD ONCE	Dr. Seuss	10
10	ONE KNEE EQUALS TWO FEET	John Madden with Dave Anderson	11
11	PAT NEWMAN: THE UNWOUND STORY	John Neuman Edelman	9
12	ONE MORE TIME	Carol Burnett	12
13	THE RECKONING	David Haberman	12
14	THE STORY OF ENGLISH	Robert McCrum	14
15	EISENHOWER AT WAR: 1940-1945	David Eisenhower	15

Rank	Title	Author	Weeks on List
1	ADVICE, HOW-TO AND MISCELLANEOUS		15
2	THE FRUGAL GOURMET COOKS WITH WINE	by Susan Spang	1
3	THE FRUGAL GOURMET	by Jeff Smith	2
4	BE HAPPY YOU ARE LOVED	by Robert H. Schuller	4
5	BETTER HOMES AND GARDENS NEW COOK BOOK	(Macmillan, publisher)	5
6	BETTY CROCKER'S COOKBOOK	(Golden Press/Western Publishing)	5

Solution to Previous Puzzle

DEAN PAM RAMP
ARNE SILO EXILE
MIDWINTER MEDEA
NGO OATCAKE DDT
SARONG YODEL

SISAL RYDERS
GAMMA LODE ISEE
OLIO AGORA TETE
ADDS LONE BOXED
SAWING SITAR
ISAAC ENSUES
RAF PEASANT NNE
ALEAP MIDSUMMER
NORTE EVOE TARO
KEYED OIAS SNOW

12/31/86

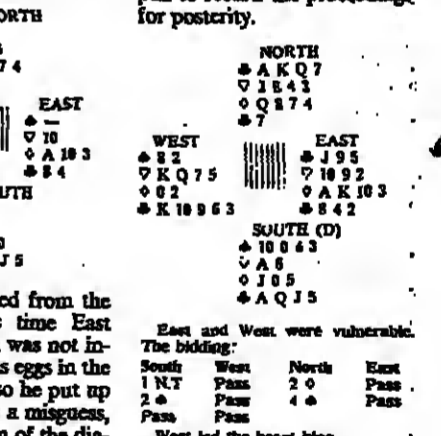
BRIDGE

By Alan Truscott

A USEFUL exercise for readers of bridge columns can be to "stand on your head." By making North the declarer in the diagrammed deal four spades is clearly hopeless. The defense will start with two diamond winners and a diamond ruff, after which the declarer must work to make nine tricks.

location of the king and made the right decision by putting up the ace.

He led the heart six, forcing West to duck, taking the queen. West would have given the dummy two heart tricks instead of one since the 10-9 fall and the eight is established. The heart jack won the trick, leaving this ending:



World Stock Markets

Via Agence France-Press Dec. 30
Closing prices in local currencies unless otherwise indicated.

Market	Index	Change
Amsterdam	1943.19	+19.19
Bombay	1070.00	+10.00
London	2718.25	+18.25
Paris	1070.00	+10.00
Stockholm	1070.00	+10.00
Frankfurt	1070.00	+10.00
Sydney	1070.00	+10.00
Hong Kong	1070.00	+10.00
Manila	1070.00	+10.00
Yokohama	1070.00	+10.00
Tokyo	1070.00	+10.00
Osaka	1070.00	+10.00
Beijing	1070.00	+10.00
Shanghai	1070.00	+10.00
Hong Kong	1070.00	+10.00
Manila	1070.00	+10.00
Yokohama	1070.00	+10.00
Tokyo	1070.00	+10.00
Osaka	1070.00	+10.00
Beijing	1070.00	+10.00
Shanghai	1070.00	+10.00

Market	Index	Change
Amsterdam	1943.19	+19.19
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Paris	1070.00	+10.00
Stockholm	1070.00	+10.00
Frankfurt	1070.00	+10.00
Sydney	1070.00	+10.00
Hong Kong	1070.00	+10.00
Manila	1070.00	+10.00
Yokohama	1070.00	+10.00
Tokyo	1070.00	+10.00
Osaka	1070.00	+10.00
Beijing	1070.00	+10.00
Shanghai	1070.00	+10.00

Market	Index	Change
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Sydney	1070.00	+10.00
Hong Kong	1070.00	+10.00
Manila	1070.00	+10.00
Yokohama	1070.00	+10.00
Tokyo	1070.00	+10.00
Osaka	1070.00	+10.00
Beijing	1070.00	+10.00
Shanghai	1070.00	+10.00

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Hong Kong	1070.00	+10.00
Manila	1070.00	+10.00
Yokohama	1070.00	+10.00
Tokyo	1070.00	+10.00
Osaka	1070.00	+10.00
Beijing	1070.00	+10.00
Shanghai	1070.00	+10.00

Market Closed

The Tokyo stock market was closed Tuesday for a holiday.

The Daily Source for International Investors.

WORLD STOCKS IN REVIEW

WITH THE BEST MONDAY... A MAJOR WORLD STOCK MARKET... THE WORLD STOCK MARKET AND A LOOK AT... U.S. DEVELOPMENTS AND... ESSENTIAL READING FOR INVESTORS AND PROFESSIONALS WORLDWIDE.

SPORTS

At a New Year's Start, a Legendary Star Is Center-Stage Again

He brushed the ball gently down, and it to the left to confuse a defender and come face to face with goalkeeper.

They're calling this—what else?—the Pelé Cup.

than twice that since he tearfully quit international sport with the exit line. "I don't want to be thrown out when I am old and decadent."

Rob Hughes From what I hear, Pelé is hating the muscles as hard as they will go in middle age through tennis and beach running.

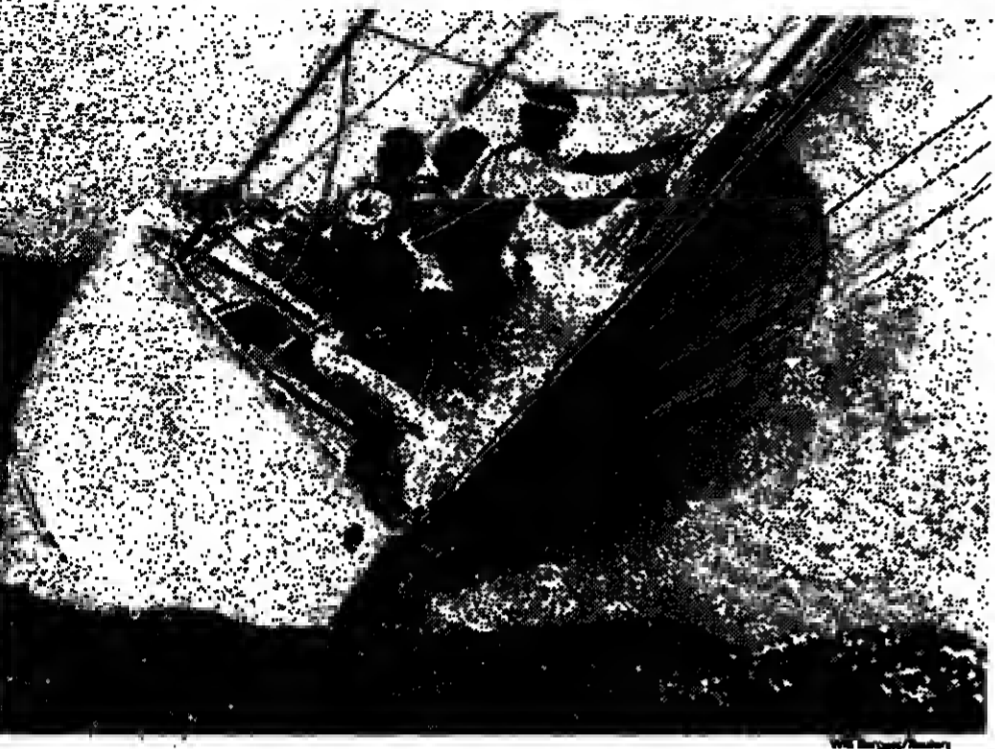
during the 1970 World Cup—was born not of pure instinct but of studying tapes of goalkeepers plotting to capitalize on bad habits.

middle age, can recall a fragment of his greatness to spark a restoration of the game he played.

It will be enough if he does no harm to his image, one that ranks with Jesse Owens's and Muhammad Ali's as blacks who through sport and action became huge symbols to all races.



Pelé in 1963



"You only know how to kick with your right foot," he'd say. "You lose time and rhythm. It gives your opponent time to tackle you; you're off balance. It gives the goalkeeper time to block you. Here, watch..."

He could cope with villains on the field, but not off it. He tried to be an actor. He was pushed as a politician, though a poll revealed that only 26 percent of Brazilians would support him for president.

Delusions of grandeur? He has, at least, "the ability to make something out of nothing."

The new dream is that Pelé, in middle age, can recall a fragment of his greatness to spark a restoration of the game he played.

Challengers New Zealand, Stars & Stripes Go 3-Up New Zealand and Stars & Stripes are each one victory away from a meeting in the finals of the America's Cup challenger trials in Fremantle, Australia.

He took the game so seriously that his own most audacious moment—shooting from midfield

and consequent poverty, would be resisted on his own terms.

And father and son perfected the techniques we thought were gifts to Pelé. Gifts—such as the bicycle kick so meticulously practiced—that Dona Celeste, his mother, refused to watch.

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SPORTS BRIEFS

Belanov Top European Soccer Player

PARIS (UPI)—Igor Belanov, whose speed, tireless goal-scoring touch, grace and dynamism have won him the title of top European soccer player of 1986.

Ex-World Cup Skier Thrives As a Star of Pro Tour in U.S.

By Mike Clark The Associated Press NEW YORK—His career has been going downhill for five years and Jerk Hjalmsen couldn't be happier.

NFL Buccaneers Fire Coach Bennett

TAMPA, Fla. (AP)—The Tampa Bay Buccaneers fired Coach Tom Bennett late Monday after the team finished with its second straight 2-14 record in the National Football League.

Tennessee Wins Liberty Bowl, 21-14

MEMPHIS, Tennessee (AP)—Jeff Francis threw three touchdown passes, including two to wide receiver Joey Clinkscales, as Tennessee held off Minnesota, 21-14, in the Liberty Bowl football game here Monday night.

Drug-Troubled Dailey Joins Clippers

LOS ANGELES (UPI)—Guard Quintin Dailey, whose four-year National Basketball Association career has been interrupted by repeated drug problems, joined the Los Angeles Clippers on Monday.

Transition

INDIANAPOLIS—Recalled Paul Thompson, forward on the injured list; signed Peter Verbeek, forward on a 10-day contract.

SCOREBOARD

Basketball

NBA Leaders Table with columns for Team, Points, Rebounds, Assists, Steals, Blocks, and Field Goals.

NBA Standings Table with columns for Eastern Conference, Atlantic Division, Central Division, and Western Conference.

U.S. College Results Table with columns for Division, Team, and Score.

College Top-20 Ratings Table with columns for Rank, Team, and Record.

Hockey

NHL Leaders Table with columns for Player, Team, Goals, Assists, and Points.

America's Cup

Challenger Elimination Table with columns for Team, Points, and Status.

Transition

Baseball Transactions Table with columns for Player, Team, and Action.

Escorts & Guides

International Escort Services Table with columns for Agency, Location, and Phone Number.

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OBSERVER

Those Tiresome Details

By Russell Baker

NEW YORK — My name's Hudge. I was details man at the White House. Had the job through five presidencies. It's not political, just a housekeeping job, like being White House barber. All you do is keep track of details. This leads to some funny experiences. Like President Reagan. They'd never let you see him. First time I tried they said, "Where do you think you're going?"

Harrison Ford: A Comfortable Hero

By Paul Amanasio

LOS ANGELES You can imagine some casting agent years ago looking at Harrison Ford and saying, "Look, fella, you're very pleasant and all, but why on earth do you want to become an actor?"



Harrison Ford as the inventor Albie Fox in "The Mosquito Coast."

What you see, too, is the meticulous way that Ford, as he changes characters, changes the way he moves. "Albie, if you watch, I think you'll see that he moves differently to how I move, that there's a kind of loose jointed abstraction; he's not in touch with his body as much as I normally am. It's either half a step behind him, or half a step ahead of him."

PEOPLE

'Exorcist' Author Loses Best-Seller-Listing Suit

The author of a book that was left off The New York Times best-seller list can't sue the paper for damages, the California Supreme Court ruled Monday in dismissing a \$3 million suit by William Peter Blatty. Blatty, whose previous works had included "The Exorcist," sued The Times for its omission of his novel "Legion" from its fiction best-seller list of 15 books until September 1985, when it appeared for one week at the bottom of the list. He contended that the newspaper, which promoted its list as a reflection of sales at 2,000 bookstores in the United States, knew or should have known that his book was among the top sellers and had a duty to list it. The omission of the book cost him at least \$3 million in prospective book sales and movie rights, Blatty said.

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